INGHAM'S Always Good

ANNUAL REPORT 2022

WHO WE ARE

INGHAM'S IS THE LARGEST INTEGRATED POULTRY PRODUCER ACROSS AUSTRALIA AND NEW ZEALAND.

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OUR PROUD HISTORY

Ingham's was founded as a family business in 1918 by Walter Ingham in Liverpool, New South Wales, Australia. In 1953, Walter's sons, Bob and Jack Ingham, expanded the business across Australia. The Company started supplying products to major retail and quick service restaurants in the 1960s. We then expanded to produce turkey and stockfeed, followed by value-enhanced products. In 1990, we started operating in New Zealand.

The Company was acquired by TPG Capital in 2013 and listed on the Australian Securities Exchange in 2016. TPG Capital sold their last remaining shareholding on 26 August 2020. Over the past decade, we have invested more than $1 billion in state-of-the-art facilities to meet future growth and firmly establish Ingham's as an industry leader in Australia and New Zealand poultry.

Notes to financials
All financials are in Australian dollars, unless otherwise stated. The financial figures provided in the front section of the Annual Report, pages 1 to 67, have been rounded, and therefore some totals and percentages may not add up exactly.

The underlying results exclude the profit on sale of assets, business transformation costs, impairments and restructuring charges. Further, Underlying NPAT excludes tax on the above-mentioned exclusions.

Online Annual Report
This report can be viewed online at www.inghams.com.au

Help us to reduce our impact on the environment
Email Web.Queries@computershare.com.au to request an electronic copy of the Annual Report in future.

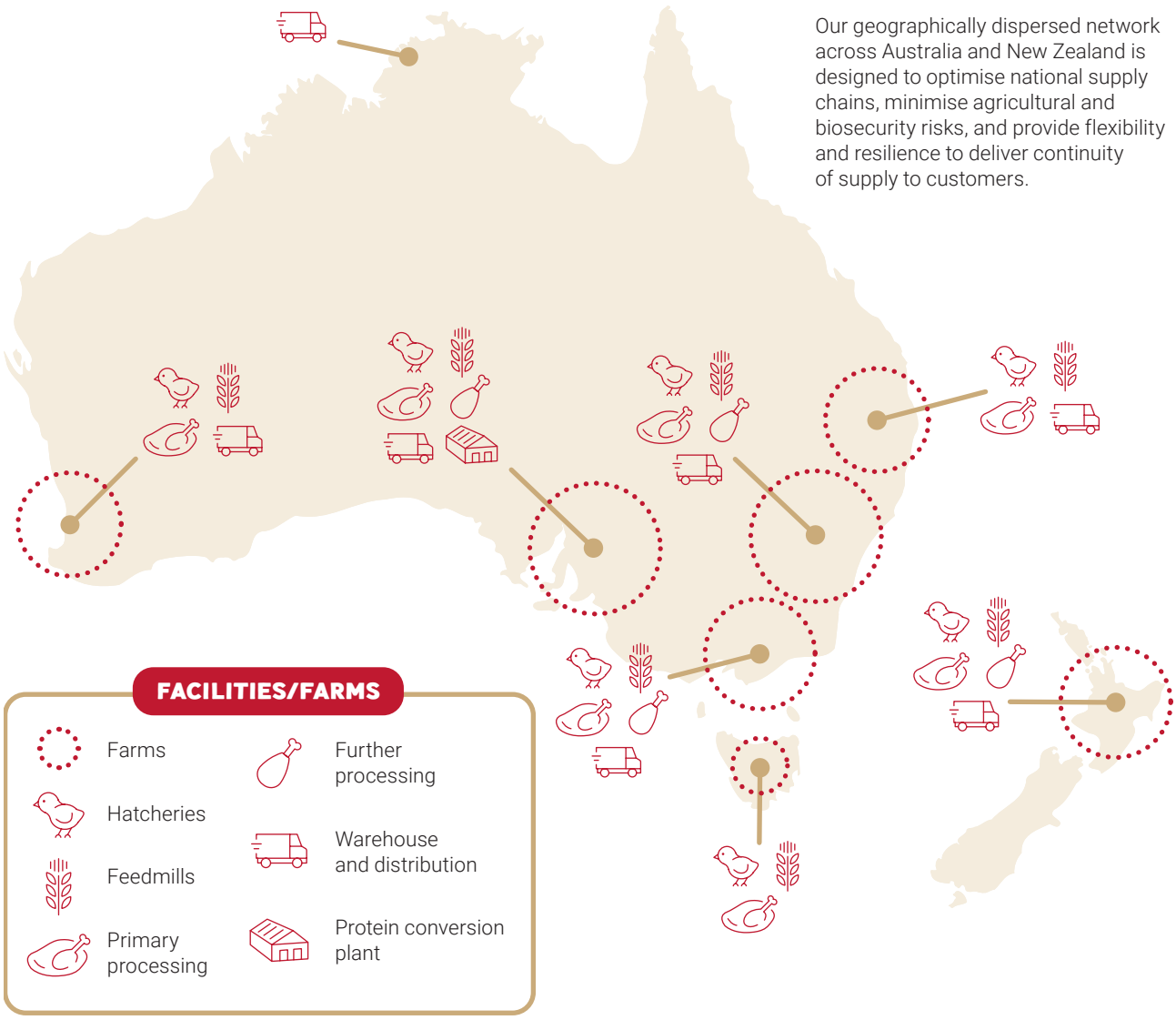
WE SUPPLY CHICKEN, TURKEY AND PLANT-BASED PROTEIN PRODUCTS INTO RETAIL, QUICK SERVICE RESTAURANTS, FOODSERVICE DISTRIBUTORS, WHOLESALE AND EXPORT CHANNELS. WE ARE ALSO ONE OF THE LARGEST PRODUCERS OF STOCKFEED IN AUSTRALIA.

WE HAVE APPROXIMATELY 8,000 PEOPLE WHO WORK TOGETHER TO SUPPORT EACH OTHER, OUR ANIMALS AND OUR CUSTOMERS.

WE ARE COMMITTED TO BEING ALWAYS GOOD, BUILDING ON OUR LONG-STANDING REPUTATION FOR FOOD QUALITY, CUSTOMER SERVICE, SUSTAINABLE OPERATIONS AND A COMMITMENT TO PROVIDE CONSUMERS WITH FRESH, CONVENIENT AND AFFORDABLE FOOD.

WHERE WE OPERATE

Our geographically dispersed network across Australia and New Zealand is designed to optimise national supply chains, minimise agricultural and biosecurity risks, and provide flexibility and resilience to deliver continuity of supply to customers.



OUR INTEGRATED OPERATING MODEL

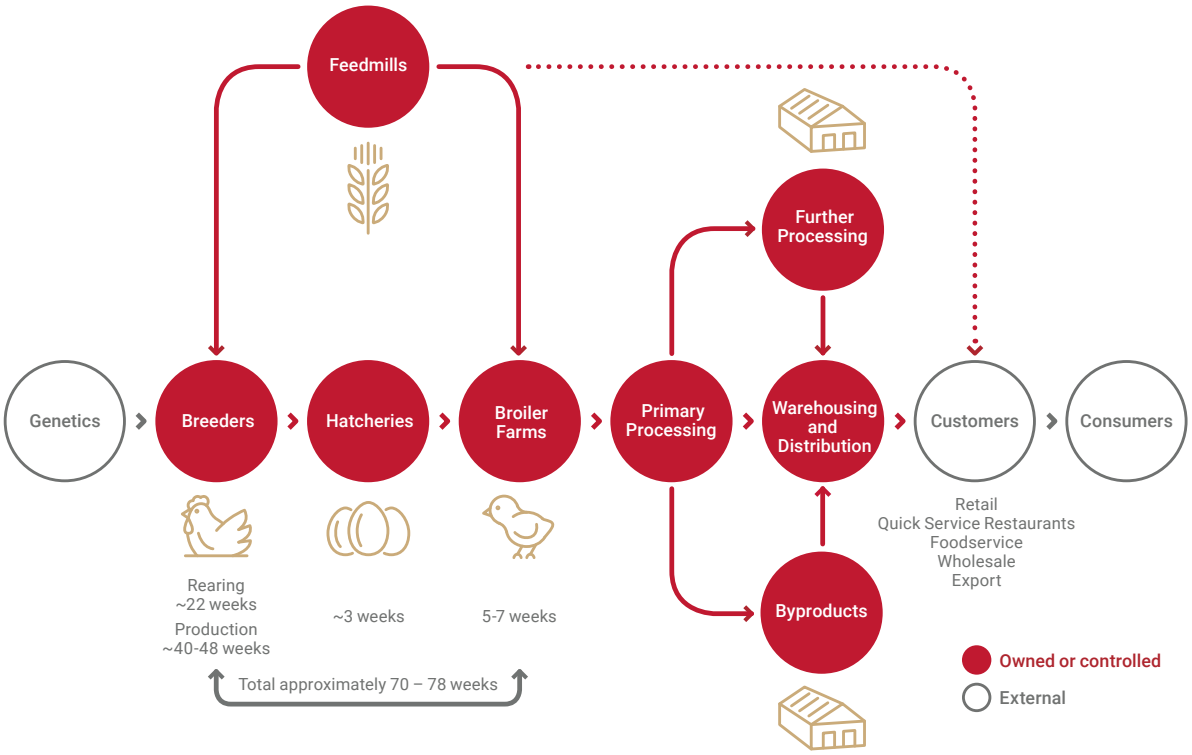
Our vertically integrated operations span the entire value chain from feedmills to farming, processing and distribution.

We optimise value from our operating model through integrated planning and operational excellence. Effective integrated planning ensures we consider the end-to-end supply chain to deliver the right products to the right place at the right time to service our customers.

Continuous improvement and optimisation of our network are required to deliver on our operational and sustainability objectives.

Recent examples include:

- constructing our latest hatchery at Muckenburra in Western Australia, which continues our high animal welfare offering with HatchCare technology that provides our chicks with an environment optimised for ideal light, air quality and living conditions;
- expanding our further processing facility at Auckland in New Zealand to increase production and installing equipment to supply fully cooked products to our customers; and
- opening a bigger distribution centre at Truganina in Victoria that will meet our objectives to deliver network cost savings by being closer to transport routes, and sustainability as a 4 Star Green Star design that includes solar panels that can cover up to 100% of energy consumption.


Feedmills
Further Processing
Genetics
Breeders
Hatcheries
Broiler Farms
Primary Processing
Warehousing and Distribution
Customers
Consumers
Rearing
~22 weeks
Production
~40-48 weeks
~3 weeks
5-7 weeks
Total approximately 70 – 78 weeks
Retail
Quick Service Restaurants
Foodservice
Wholesale
Export
Byproducts
Owned or controlled
External

CHAIRMAN'S REPORT

OUR SUSTAINABILITY REPORT HAS BEEN UPDATED AND EXPANDED TO REFLECT OUR PROGRESS AND FOCUS ON THOSE AREAS WHERE WE CAN MAKE A **POSITIVE DIFFERENCE** FOR OUR *people, animals + planet.*

Welcome to Ingham's 2022 Annual Report, and my last as Chairman after nearly six years in the role.

It has been another challenging year, defined by significant operational disruptions caused by the ongoing COVID-19 pandemic, and a sharp rise in inflation leading to increased input costs, including feed and fuel, which were exacerbated by the war in Ukraine. Cost of sales increased by 5.7% due to the significant cost inflation across a range of operating inputs. This included feed costs increasing by $45.4 million and COVID-19-related costs for overtime and compliance measures, including vaccination requirements.

Financial results

Our results for FY22 reflect the challenging business conditions we have had to navigate, principally during the second half of the year. This includes:

- revenue of $2.7 billion, an increase of 1.7%;
- Underlying Earnings Before Interest, Tax, Depreciation and Amortisation of $135.2 million, a decline of 35.5%;
- Underlying Net Profit After Tax of $42.4 million, a decline of 43.6%;
- Statutory Net Profit After Tax of $35.1 million, a decline of 57.9%;
- net debt of $267.3 million and leverage of 2.0 times, at the top end of the Company's target range; and
- dividend of 7.0 cents per share (fully franked).

The poultry sector remains a growing sector and enjoys significant affordability advantage over red meat alternatives. Against this market backdrop, Ingham's core business is well positioned for future growth with its geographically diverse network and integrated operating model underpinning its track record of strong cash generation. The recovery that commenced in the fourth quarter is continuing, albeit there are still ongoing headwinds including supply chain delays, absenteeism and inflationary impacts.

I would like to commend our team for their resilience and unwavering commitment to our customers despite the many challenges the business faced during the year.

Sustainability

As the largest integrated poultry producer across Australia and New Zealand, we want to play a key leadership role in supporting a sustainable food system.

The past 12 months have seen strong progress across a range of sustainability initiatives. Our Sustainability Report has been updated and expanded to reflect our progress and focus on those areas where we can make a positive difference for our people, animals and planet. This includes animal health and welfare, diversity and inclusion and climate action. This year's report also continues our transparent reporting in alignment with the Taskforce for Climate-Related Financial Disclosures (TCFD).

Board leadership

As noted above, this will be my last Report to you. In February 2022, the Company advised shareholders that I would not be seeking re-election to the Board at the Annual General Meeting. It has been a privilege to lead Ingham's through its journey from being a private company to an established listed entity. I will be leaving the Board confident that we have the right strategy, a cohesive and deeply skilled executive team and a Board with the prerequisite skills to guide the Company through its next stages of growth and performance. My one disappointment is that the waves of COVID-19 have interrupted the great momentum delivered by the team as they have built significant operational efficiencies into the business. I am confident that once we are able to rebuild the strength of the workforce the momentum will return. In August, I brought forward my retirement from the Board due to immediate health issues.

Following a prudent and well-considered succession planning process in which external and internal candidates were considered, Non-Executive Director and Chair of the People and Remuneration Committee, Helen Nash was appointed to succeed me as Chair. Helen joined the Board in 2017 following a long and distinguished executive career across many different food sector industries. Her Board and executive experience ensure she is well placed to guide Inghams' future growth.

We have also bolstered the Board with the appointments of two Non-Executive Directors. Robyn Stubbs brings strong board-level perspective on culture, people and remuneration. Together with Timothy Longstaff's experience in investment banking and government, these appointments strengthen the skills and experience necessary for the Board to continue driving the Company's strategy and performance.

It has been my honour to have served shareholders as Chair of Ingham's since its listing in 2016. During my time with the Company, I have worked with the Board and Executive Leadership Team to ensure we have the right strategy and people to deliver long-term value for our shareholders.

As I hand over the reins, I am confident the Company is in safe and experienced hands. This is evident in the recovery already taking place across the business as it gradually returns to normal operating levels and product range.

To all our people, the Ingham's leadership team and to you, our shareholders, I would like to express my thanks, and that of the whole Board for your support. I would also like to thank my fellow Directors for their contribution and commitment to Ingham's over the past year and to their support for me in my tenure as Chairman. I wish Helen, the Board and the broader Ingham's team all the best for the future.

Peter Bush

A MESSAGE FROM OUR INCOMING CHAIR, HELEN NASH

It is a privilege to step into the role of Chair of Ingham's. My transition has been made easier by the prudent governance and collegiate approach established by Peter Bush. On behalf of myself, my fellow Directors and the entire team at Ingham's. I would like to extend my sincere thanks to Peter for his leadership and support over the past six years.

Having joined the Board in 2017, and as Chair of the People and Remuneration Committee and a Member of the Nominations Committee, I have gained invaluable insight into how best this Board can support Ingham's people and culture to drive improved performance.

While the challenges of the global landscape and ongoing pandemic will continue into FY23, I join Peter in expressing my confidence in the Company and our future. We have highly experienced leaders and a capable, committed and passionate team of 8,000 people who believe in our purpose to provide deliciously good food in the best way.

Our journey will continue to focus on creating a safe, inclusive and engaging environment for our people, taking care of our animals, protecting our planet, creating innovative and exciting products, and building strong relationships with our customers, all of which are essential as we look to build stronger and more stable returns for our shareholders.

I look forward to continuing to work with the Board and Executive Leadership Team to deliver sustainable growth for Ingham's, its people and our shareholders.

Helen Nash
Chair

CHIEF EXECUTIVE OFFICER AND MANAGING DIRECTOR'S REPORT

The demand for poultry continues to grow. Against significant inflationary pressures, chicken retains its long-standing affordability versus other land-based meat proteins. The health and versatility benefits of poultry are well-established. It also has substantial sustainability benefits, with a carbon footprint estimated to be around five times smaller than red meat.

Operational and financial highlights

The 2022 financial year was a challenging one for the Company. It was marked by major operational disruptions caused by the ongoing effects of COVID-19, the impact of geopolitical events from the third quarter onwards on feed and fuel costs, and global supply chain disruptions. Some have lessened although some remain ongoing.

For FY22, our results included:

- Statutory Earnings Before Interest Tax Depreciation and Amortisation of $370.4 million, a decline from the previous financial year of 16.6%;
- Revenue of $2.7 billion, an increase of 1.7%; and
- Group core poultry sales volume growth of 4.2%.

The effects of inflation in Australia and New Zealand have been well reported. We are working to offset these through customer price increases and savings through our operational efficiency programs.

Importantly, we saw the start of the recovery of our business in the fourth quarter. Our operations are progressively returning to normal operating patterns and product range.

The Ingham's brand

As the largest poultry provider across Australia and New Zealand, we have continued to evolve our iconic brand and guide our actions in a way that will help us meet the ongoing challenges and opportunities that lie ahead.

During FY22, we updated elements of our branding. Our new brand promise is to be *Always Good*. Our guide is the refreshed Ingham's Way, which encourages our 8,000 people to work together with a common purpose, ambition, values and behaviour.

This direction has been instrumental in helping to engage our people during what has been another challenging year. I am proud of our people for living our values and fulfilling our role as an essential service against the pressures placed on our business by the ongoing COVID-19 pandemic, floods, labour shortages and global price pressures.

People

We are committed to a vision of zero harm to our people. In FY22, we reduced our Lost Time Injury Frequency Rate by 3% to 2.8 and the Total Recordable Injury Frequency Rate by 16% to 5.1. I commend our people for their commitment to taking care of themselves and each other.

We have a robust succession planning process that has been developing over the past two years to ensure we build our internal capability and strengthen our competitiveness. The success of this program enabled us to refresh the Executive Leadership Team during the year from within. We appointed Anne-Marie Mooney as Chief Operations Officer, Art Lankford as Chief Agribusiness Officer and Ed Alexander as Chief Executive, New Zealand. Their appointments ensured we had no loss of momentum through a pipeline of people with deep business knowledge.

I would also like to wish Peter Bush all the best following his retirement from the Board. I have appreciated working alongside him on the Board and his ongoing support to me in the role of Chief Executive Officer and Managing Director.

I COMMEND *our people* FOR THEIR COMMITMENT TO **TAKING CARE** OF THEMSELVES & EACH OTHER.

Elevating customer relationships

The focus on investing in our people and operations is being matched by our focus on unlocking growth through innovation to foster long-term customer relationships. This includes leveraging data to identify unmet consumer needs and track shifts in purchasing behaviour. This data will help us to grow our business and elevate our customer relationships.

Our quest for innovation has helped us to launch Waitoa, New Zealand's first chicken brand to achieve Toitū net carbonzero certification and healthier 'Airmazing' products to capitalise on the air frying trend.

Looking ahead

The poultry sector remains an attractive and growing one, underpinned by several advantages. These include a large price advantage versus all other land-based meat proteins, well-established health benefits over red meat, and a meaningful sustainability edge.

As we begin the new financial year, our business continues to recover from the previous year's events. I look forward to continuing to work with our entire team to deliver strong business outcomes for shareholders and achieve our purpose of providing deliciously good food in the best way.

Andrew Reeves
Chief Executive Officer and Managing Director

THE INGHAM'S WAY

THE INGHAM'S WAY

PURPOSE

DELICIOUSLY GOOD FOOD IN THE BEST WAY

AMBITION

TO BE ANZ'S FIRST CHOICE FOR POULTRY

VALUES

CARE
We care for each other, animals, customers, consumers, communities, shareholders and the environment.

COURAGE
We have the courage to constructively speak up, try new things and learn from experiments.

CURIOSITY
We show curiosity by seeking ways to learn, innovate and improve every day.

COMMITMENT
We are committed to the future, by thinking big whilst setting and delivering on ambitious goals.

BEHAVIOURS

WE SEEK FEEDBACK AND ACTIVELY LISTEN

WE EVALUATE OPTIONS AND DECIDE

WE CELEBRATE SUCCESS

WE ENCOURAGE CREATIVITY AND SHARE IDEAS

WE DO WHAT WE SAY

WE TRUST AND SUPPORT EACH OTHER

WE KEEP IT SIMPLE

WE DELIVER GREAT EXPERIENCES FOR CUSTOMERS AND CONSUMERS

WE DO THE RIGHT THING

WE COLLABORATE TO ACHIEVE

WE LEARN AND GROW TOGETHER

WE LOOK OUT FOR EACH OTHER

KEY FINANCIAL STATISTICS

4.2%
GROUP CORE POULTRY VOLUME GROWTH

7 CPS
DIVIDEND PER SHARE (FULLY FRANKED)

$35.1M
STATUTORY NPAT

$370.4M
STATUTORY EBITDA

2.0x
LEVERAGE RATIO

OPERATIONAL HIGHLIGHTS

Always Good
REFLECTS OUR AMBITION TO BE THE **NUMBER ONE** CHOICE FOR POULTRY ACROSS AUSTRALIA AND NEW ZEALAND.

Ingham's stamps of approval

Ingham's *Always Good* Guaranteed™ is our promise to consumers they are getting only the best product.

ALWAYS GOOD

In the fast-moving consumer goods (FMCG) industry, it is essential that our brand stays as fresh as our products.

To ensure we are connecting in the best way with our customers and consumers, we have refreshed our brand and packaging to showcase our deliciously good food.

Our brand promise is based on a simple premise – *It's good to be good*. That has been our guiding principle since 1918. We aim to always be a good choice for consumers, a good supplier to customers, good value for investors, and a good place to work for our people.

We are 100% locally-grown chicken. We are 100% no steroids. We are 100% no added hormones. We are committed to being *Always Good*.

Always Good is a brand promise that reflects our ambition to be the number one choice for poultry across Australia and New Zealand and to share that success by reinvesting in the long-term growth of our business.

We strive to create a platform for always innovating and portfolio planning. Innovation has underpinned the refresh of our packaging, which positions our products as true shelf standouts to entice shopper decision-making at point of purchase. Our food packaging photography looks so real and delicious you want to reach out and grab it. In our fresh range, the packaging is positioned to the side, allowing the product to be the hero.

We invite you to visit our website at inghams.com.au to read more about our commitment to be *Always Good*.

CARBON ZERO CHICKENS

Ingham's free range brand, Waitoa, is the first chicken brand across Australia and New Zealand to achieve Toitū net carbonzero product certification.

Toitū net carbonzero certification requires companies to measure, reduce and offset their emissions each year. Its program exceeds the requirements of International Organization for Standardization (ISO standards) and ensures international best practice in reporting, benchmarking and management.

Based in New Zealand, Waitoa is committed to measuring its carbon emissions from raw materials, manufacturing and packaging through to distribution. Initiatives to improve Waitoa's environmental footprint include installing a bore to replace its reliance on municipal water supply and utilising heat from the geothermal water. More than 90% of solid waste generated from Waitoa's operations is diverted from landfill. The packaging is 90% recyclable, with the aim to be 100% reusable, recyclable or compostable by 2025.

Unavoidable carbon emissions are offset by partnering with Toitū-approved sustainability projects in New Zealand and overseas.

Waitoa's product launch as a premium brand was reinforced by demonstrating our commitment to improving our environmental impact. The post-campaign brand review resulted in 27% of respondents saying they are willing to pay a premium for a product that is carbon zero certified[1].

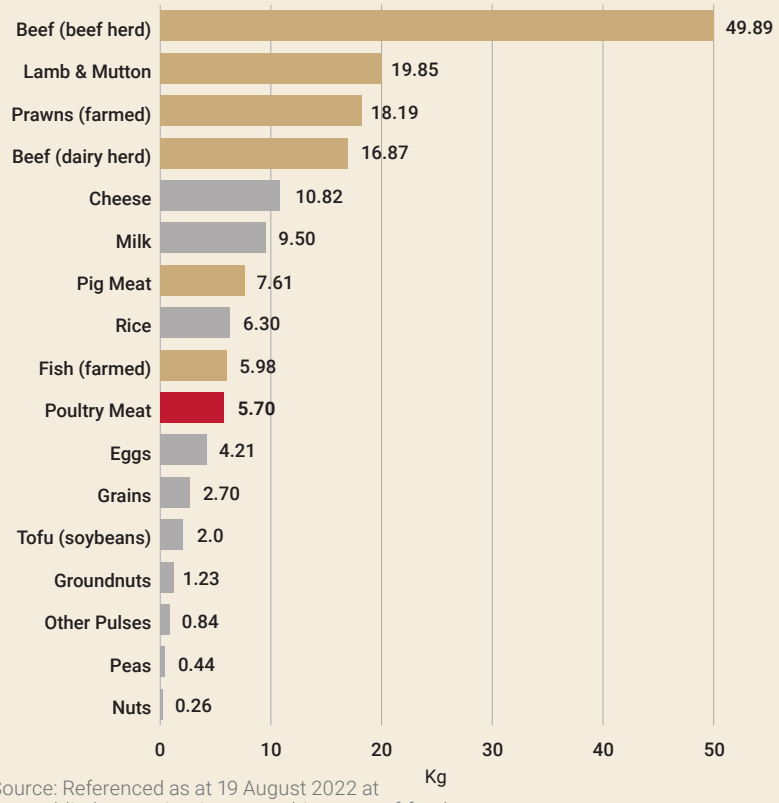
Our new product range includes the promotion of new Family Roast products, sausages, burgers and kebabs. Its broad range and sustainability are behind Waitoa being the #1 free range brand in New Zealand for FY22 in the frozen and butchery departments, and in the sale of rotisserie barbeque product sales[2].

Chicken has the lowest carbon footprint compared to other land-based meat proteins. With 15% of total chicken sales in New Zealand[3], Waitoa continues to outpace the category growth as consumers seek to make sustainable shopping choices.

Waitoa IS THE FIRST CHICKEN BRAND IN NEW ZEALAND TO ACHIEVE TOITŪ NET CARBONZERO CERTIFICATION.

Chicken has the lowest carbon footprint compared to other land-based meat proteins

Greenhouse Gas Emissions (per 100g of protein)



Source: Referenced as at 19 August 2022 at ourworldindata.org/environmental-impacts-of-food

Waitoa's stamps of approval

SPCA

Gluten-free

Health Star Rating

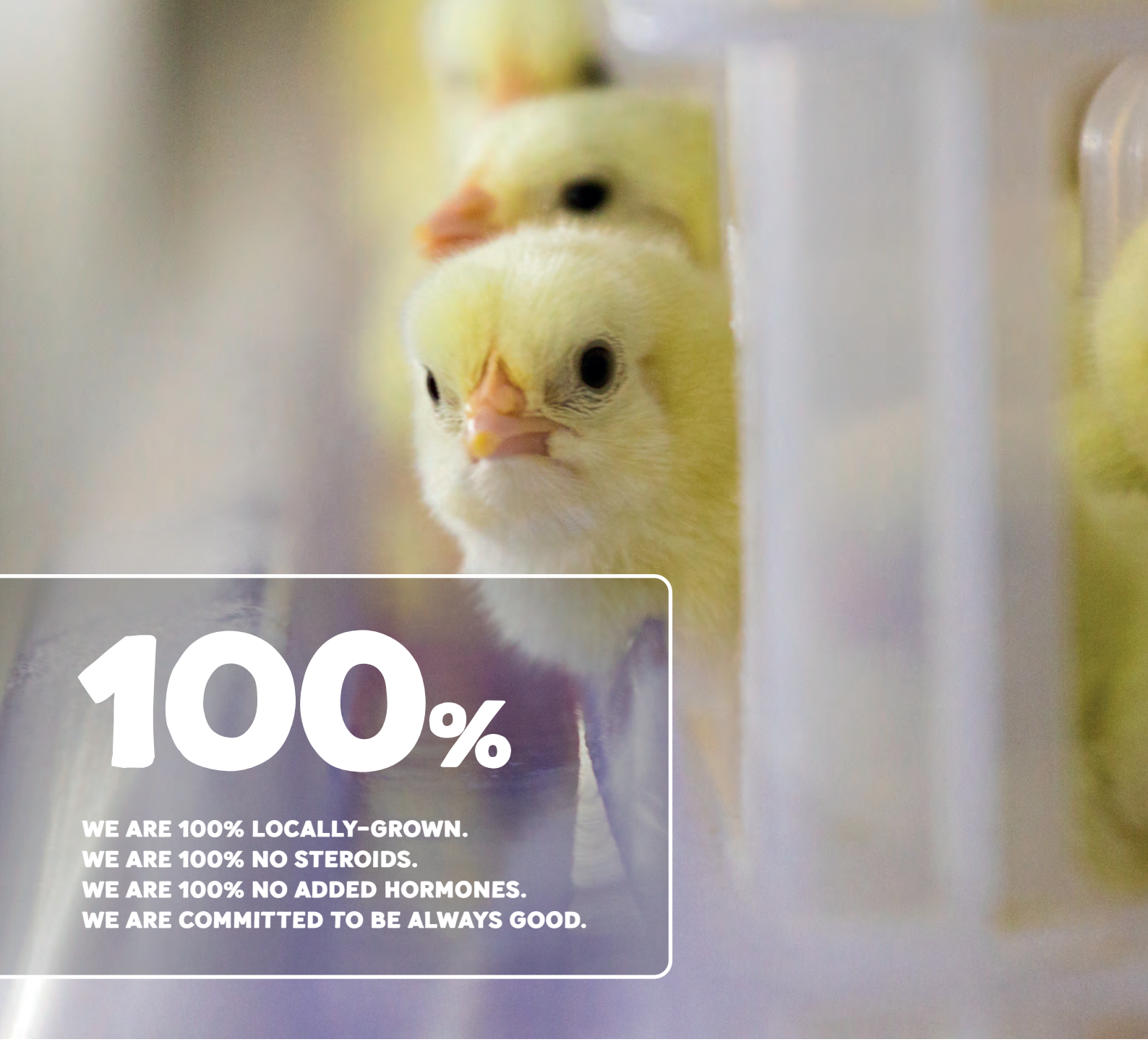
Toitū net carbonzero

Australasian recycling label

(1) Research conducted by Forward, a global research, insight and strategic planning specialist company.

(2) Research provided by Nielsen and IRi, global research agencies.

(3) Research conducted by Colmar Brunton Futures Study 2020.



ANIMAL WELFARE LEADERS

Ingham's continues to lead the way in animal welfare by opening a second hatchery featuring world-class HatchCare technology.

HatchCare technology provides our chicks with food, water and early social interaction in an environment optimised for ideal light, air quality and living conditions.

The new Muckenburra Hatchery in Western Australia opened to meet demand on the West Coast from November 2021. It has the capacity to nurture 546,000 eggs into healthy chicks every week.

We have seen positive results from the new hatchery technology. There has been a 10% improvement in one-day chick weights over traditional hatchery performance as they benefit from full hydration from the moment they hatch. This performance is retained through to their seven-day chick weights.

The new location is in a more regional area closer to our farms. This reduces chick transport time by up to half, which can be critical in the summer heat.

Constructed during the height of COVID-19 restrictions, the team proved it is innovative and agile. They utilised augmented reality headsets to facilitate remote international supervision of the installation.

The facility also prioritises sustainable water management. Water is sourced from the aquifer (the groundwater). Once used, it is treated to Environmental Protection Authority standards and returned to irrigation pastures to support nearby farming. The solid waste from that treatment process goes to a nearby green recycling facility and is repurposed to provide gardens with higher nutrient soil.

Ingham's is proud to continually raise the bar for sustainability and animal welfare.

INVESTING FOR GROWTH

Auckland Further Processing

We expanded and upgraded our further processing facility in Auckland in February, with commissioning expected to take place in FY23.

The upgrade included a new oven, fryer and freezer, automated pallet line, and automated meat preparation line. The new equipment allows us to provide fully cooked, crumbed and battered products to our quick service customers. The automation also reduces manual handling injuries and frees our people to support the increased facility production.

With construction managed in a brownfield environment, we are proud of our team for commissioning the upgrade with zero Lost Time Injuries (LTIs) to our people. During this time, the team also surpassed quality audits for the operational line in parallel to construction.

The upgrade means we have increased our national fully cooked production capacity from 500 kilograms to 3,000 kilograms an hour for quick service restaurant customers. The increased capacity gives us the ability to produce more than two million chicken nuggets per day.

ACHIEVING THE HIGHEST RATINGS

93.14%

RATED IN THE HIGHEST PERCENTILE FOR FOOD SAFETY AND QUALITY BY A QUICK SERVICE RESTAURANT CUSTOMER

AA

ACCREDITATION FOR FOOD SAFETY FROM BRC GLOBAL STANDARDS

OUR INVESTMENTS
PRIORITISE *safety + sustainability.*

Truganina Distribution Centre

In August 2022, our new temperature-controlled Distribution Centre in Truganina, Victoria, opened for business. This facility takes over our existing distribution operation to supply customers big and small across Victoria, from chicken shops to major retailers. The move also brings us closer to our major customer's operations and key transport hubs such as the port – for export and supply into Tasmania – and interstate rail and road access.

The building has been designed to maximise operational efficiency and sustainability, improve safety and be fit-for-growth over its 20-year lease with no capital outlay by Ingham's. It has twice the storage capacity as the prior site, expanding Victoria's role as a major distribution hub for the East Coast.

Built for sustainability, the new facility has a 4 Star Green Star Design and As Built standard. It is also undergoing accreditation by the Green Building Council Australia. Building features include:

- one megawatt of solar panels on the rooftop, which will cover between 80-100% of energy consumption while the sun is out;
- on-site rainwater storage and water recycling for toilet flushing, refrigeration and irrigation;
- electric car charging stations; and
- construction processes to reduce greenhouse gas emissions and the use of sustainable material where possible.

An investment in innovation and automation at the new facility is also great news for the safety of our people. It includes:

- integrated dock systems that use automatic truck restraints to reduce staff-truck interaction;
- pallet conveyors to feed product in and out of the room, removing forklift crossover; and
- forklift rapid-charge and self-watering batteries, reducing manual handling incidents.

Our leaders SHAPE OUR CULTURE AND **INSPIRE OUR PEOPLE**.

STRENGTHENING OUR CORE CAPABILITY

Our leaders are instrumental in shaping our culture and inspiring our people. Therefore, we have significantly invested in developing leader capability through internal programs such as Grow and Thrive.

Grow is designed to develop our frontline leaders, who manage 90% of our people. The program focuses on personal development, communication and engagement with their team. It also fosters knowledge-sharing across different sites. In FY22, the program brought together 412 frontline leaders.

Thrive engages our 90 senior leaders in an immersive experience that stretches their leadership capability. They gain insights into their leadership styles, develop their leadership capability in line with The Ingham's Way and network to ensure they are aligned in their focus to achieve the Company's strategy.

Investing in our people is helping us achieve our goals of developing our internal capability and building a more constructive, inclusive and inspiring workplace.

Our focus on developing internal capability helped us to refresh the Executive Leadership Team from within. We appointed Anne-Marie Mooney as Chief Operations Officer, Art Lankford as Chief Agribusiness Officer and Ed Alexander as Chief Executive, New Zealand. These appointments reflect a robust succession planning process that has been developing over the past two years. This process ensures no loss of momentum with a pipeline of people with deep business knowledge.

The succession planning process is assisting us to identify and develop talent at many levels of our organisation. In New Zealand, we were thrilled to appoint Myra Bush as the new Plant Manager at Te Aroha primary processing facility. Myra has been with the Company for 18 years, has led as an on-site Production Manager for the past six years, completed the Grow program in FY20 and Thrive in FY22. Her incredible work ethic and deep company knowledge will be great assets for her as she leads our largest site in New Zealand.

Our women in leadership increased from 20% to 28% in FY22. We remain focused on ensuring our talent is diverse, capable and inspiring as they lead by The Ingham's Way and work towards achieving our ambition to be the first choice for poultry across Australia and New Zealand.

UNLOCKING GROWTH THROUGH INNOVATION

In FY22, we have continued to increase our focus on short, medium and long-term growth. We have done this by significantly investing in data and insights to identify consumer needs. We then utilise this information as a building block to fostering long-term customer relationships.

Consumer data and research has been key to unlocking unmet consumer needs and poultry purchase drivers. This has included creating 'Demand Spaces' to understand consumer purchasing profiles – for example, where they are, at what time and with whom – through qualitative and quantitative research.

We also invested in data to track shifts in purchasing behaviour, attitudes towards poultry and consumer acceptance of proposed innovations using metrics such as the Booz-Allen Sales Estimating System (BASES). This testing allows us to forecast the potential volume of sales based on consumer response data. This was complemented by data-driven tools including Quantium and Mintel, our internal New Product Development team and bespoke research.

This data will support long-term growth plans for both Ingham's and our customers, and enable us to elevate key customer relationships.

Customer ROADMAPS ARE **ELEVATING OUR RELATIONSHIPS** FROM TACTICAL TO STRATEGIC.

New products this financial year

INGHAM'S

Super Crunch Oven Ready – Ingham's exclusive 'crunch' coating now available in the oven-ready section

Airmazing – 50% less fat with new air fryer cooking technology

Bulk Bags – 1 kilogram stand-up resealable bags offering greater at-home convenience

Sous Vide – Vacuum sealed tender chicken

Chicken potato cakes – Due to popular demand, expanded from foodservice into retail

Stuffed turkey breast roast – Reintroducing a Christmas favourite in stores, improving total turkey volume

Turkey Christmas tree nuggets – Transforming how we eat turkey with a familiar family-friendly snack option

Turkey mignons – Providing healthy single and couple-convenient package varieties

Turkey smallgoods – Our classic oven-roasted turkey breast packaged for ease of family and single households

Turkey bone-in breast supreme – A super-saver offering during November to meet Christmas-dining demand

QSR AND FOODSERVICE

Po'boy chicken bites – Supporting new sandwich-range formats

Fried chicken burgers – Expanding on premium chicken offering

Ready-to-eat strips – Increasing value of range to support customers' plans

Pizza chicken toppings – Expanding as the national supplier for chicken topping on pizzas

Chicken wing flavours – Expanding customer chicken sides offering with New Orleans and Original Roasted flavours

Bulk sweet chilli tenders – Providing increased value for larger corporate customers

Bone-in chicken – Trialled in-store southern-style coated chicken drumsticks

Southern premium crispy patty and chicken pieces – Increasing customer value range menu and expanding chicken offering

Spicy thigh and chicken burger fillets – Expanding customer burger ranges

Buttermilk burger fillets and jalapeño chicken fries – Expanding chicken choices across customer range

Hot 'n' crispy boneless drums – Adding another flavour option to customers' product range

RETAIL

Ingham's free range – Bulk, whole bird, thigh and breast fillet range offered to a new retail customer

Waitoa – Introduced gluten-free karaage chicken spinach and cheese kievs to our popular freezer range, and a lemon and herb whole roast-in-a-bag in our fresh range

Retail-brand freezer – Range expanded in freezer category to include chicken chips, schnitzels and tenders

Retail-brand free range and oven-ready – Range expanded to include tray packs and whole birds

Christmas fresh – Smaller product ranges designed to be Christmas dinner centrepieces

Christmas frozen – Providing a variety of products that add to grazing-style Christmas tables

Christmas smallgoods and fresh – A variety of chicken and turkey products adding more flavours

Waitoa

SUSTAINABILITY REPORT

OUR PURPOSE IS TO PROVIDE DELICIOUSLY **GOOD FOOD** IN THE *best way*.

OUR AMBITION IS TO BE AUSTRALIA AND NEW ZEALAND'S **FIRST CHOICE FOR POULTRY**, PROVIDING FOOD THAT'S *Always Good* FOR OUR PEOPLE AND CONSUMERS, ANIMALS, AND THE PLANET.

Our role in the food system

SUSTAINABILITY AT INGHAM'S – A PURPOSE-LED BUSINESS

As a company that relies on our people, animals and planet for our long-term success, we are focused on embedding best practice sustainability into everything we do. As we moved forward towards our 2030 targets, our teams have continued to make positive progress across multiple initiatives and goals. We have also refined our approach and think we can make a positive difference to tackle the uncertainties of climate change by addressing:

- climate action and planetary health – focusing on sustainable agricultural practices in our business and across our supply chain to support a resilient global food system;
- protein in health – being both kind to our planet and people by ensuring we provide healthy and nutritious food in a sustainable way; and
- fairness for animals and people – ensuring our food production promotes human rights, equality, and social inclusion, as well as animal welfare.

As one of the largest integrated poultry producers across Australia and New Zealand, these are areas where we can play a key leadership role as advocates to support a more sustainable food system. We will share the strategy as it develops over the coming 12 months.

Our 2022 Sustainability Report aims to transparently share information about Ingham's sustainability performance, policies, and management approach. It highlights our positive contribution and commitment to embedding best practice sustainability into everything we do.

Our purpose is to deliver deliciously good food in the best way. This means we will do our best by our people, animals and planet to invest in the change required and collaborate with our stakeholders to make a positive difference. It's part of our commitment to be *Always Good*.

Andrew Reeves
Chief Executive Officer and Managing Director

FY22 sustainability performance at a glance

From FY21 to FY22, we made a positive difference to our people and consumers, animals and the planet.

PEOPLE AND CONSUMERS

Safety – improved LTIFR by 3% to 2.8 and improved TRIFR by 16% to 5.1

412 frontline leaders attended Grow development program

Increased representation of women in senior leadership from 20% to 28%

Contributed to more than 1 million meals through GivING program to Foodbank

100% of sites achieved A or AA GFSI BRC Food Safety Standard certification

Customer complaints per million kilograms (CPmkg) reduced by 18% to 4.07

ANIMALS

Published inaugural Animal Welfare Report

Launched the first net carbon zero certified chicken in New Zealand

Our Australian and New Zealand farming teams won Gold and Silver in the Aviagen ANZ Parent Stock Awards, which recognise excellence in the health and welfare of chickens hatched

Improved chick quality through the HatchCare system at the two new hatcheries with 10% heavier chick weight

PLANET

Reduced absolute Scope 1 & Scope 2 GHG emissions by 1.6%

Improved water efficiency to reduce intensity by 2.2%

Edinburgh Parks site achieved Gold certification by the Alliance for Water Stewardship

Reduced waste to landfill by 15.3%

Our Australian business joined the REDCycle program, which funds soft plastic recycling.

Our New Zealand business has been a member of the NZ Soft Plastic Recycling Scheme since 2021

AWARDS, CERTIFICATIONS AND RECOGNITION

Aviagen ANZ Parent Stock Awards Gold awarded to New Zealand, Silver awarded to Western Australia and Bronze awarded to Victoria for achieving the best rate in the total eggs per hen housed category. Gold awarded to New Zealand and Western Australia, and Silver awarded to Queensland for achieving the best rate of chicks per hen housed category.

Edinburgh Parks Further Processing Plant achieved Gold certification to the Alliance for Water Stewardship (AWS) Standard, becoming the fourth Ingham's site to be certified, along with Murarrie in Queensland (Platinum), Bolivar in South Australia (Core) and Te Aroha in New Zealand (Core).

All Ingham's free range meat chicken growing farms in Australia are accredited by Free Range Egg and Poultry Australia (FREPA). These farms are also certified by the RSPCA Approved Farming Scheme to their indoor requirements. Ingham's is working to achieve certification for RSPCA Approved outdoor requirements.

All Ingham's free range meat chicken growing farms in New Zealand are SPCA Certified.

Ingham's new Truganina Distribution Centre in Victoria has a 4 Star Green Star Design and As Built standard and is undergoing accreditation by the Green Building Council Australia.

100% of our sites across Australia and New Zealand achieved A or AA GFSI BRC Food Safety Standard certification.

New Zealand's Waitoa Free Range Chicken and **Let's Eat** plant-based products are certified as net carbon zero by Toitū. Toitū net carbonzero certification is accredited by the Joint Accreditation System of Australia and New Zealand (JAS-ANZ) and the world's first carbon certification program to be accredited under ISO 14065, which is recognised in over 60 countries globally. These products are the first in New Zealand to be certified as net carbon zero in their respective categories.

2021 New Zealand Food Awards
Let's Eat Plant-Based Golden Nuggets won the Below Zero category for innovation, sustainability and excellence.

2022 New Zealand Pride in Print Awards
Ingham's Waitoa Free Range Butterflied Chicken packaging won Gold for 'Packaging Product Innovation' and 'Environmental Innovation'.

2022 Packaging Innovation and Design of the Year Award
Ingham's Waitoa Free Range Butterflied Chicken packaging won Gold in the 2022 Save Food category.

INFORMING OUR APPROACH

We have updated our material topics to ensure we are managing sustainability issues that are relevant to our business and stakeholders.

To identify and prioritise the issues relevant to our organisation, we reviewed our 2017 materiality assessment, industry reports, investor reports, peers' sustainability reports and performance, and employee feedback gathered through surveys and interviews. The data collected helped us to identify industry trends, changes in the sustainability landscape, stakeholders' expectations and emerging issues. The Board and senior leadership team have endorsed these priorities and their respective commitments.

Our material topics

	Sustainability issue	Definition
1	**Climate action**	Adapting and responding to climate change impacts, and considering renewables to reduce the emissions generated through our operations and supply chain.
2	**Employee health, safety and wellbeing**	Supporting and enhancing the health, safety and wellbeing of our employees across our operations and managing risks and crises effectively.
3	**Product safety**	Ensuring world-class quality food safety practices across food production to ensure compliance and certification with relevant standards.
4	**Animal health and welfare**	Monitoring and protecting the health and wellbeing of animals in our care through adopting animal welfare technological innovation.
5	**Water stewardship**	Implementing water efficiency measures in operations to reduce water use and to maximise water recycling.
6	**Sustainable agriculture and biodiversity**	Protecting and preserving land and biodiversity on land which Ingham's is located, conducting environmental impact assessments, minimising impact from operations and supporting planetary health.
7	**Governance**	The internal leadership promoting environment, social and governance oversight within Ingham's, including the development of policies, frameworks, communications, reporting and accountability for sustainability.
8	**Waste and sustainable packaging**	Minimising waste to landfill, eliminating food waste, maximising recycling and developing sustainable packaging.
9	**Equality, diversity and inclusion**	Ensuring employees of all social, cultural, sexual and disability status are welcomed and supported in the workplace.
10	**Sustainable procurement**	Assessing and monitoring environmental performance of suppliers and supporting suppliers to improve their social and environmental performance.
11	**Employee engagement and development**	Supporting the development of employees by providing a constructive culture, training and development opportunities and empowering them as sustainability leaders in their role.
12	**Economic performance**	Delivering positive economic outcomes and consistent and reliable returns to stakeholders.
13	**Human rights and modern slavery**	Identifying, monitoring and mitigating any human rights risks in our business and supply chain, to ensure compliance with relevant regulations and standards.
14	**Consumer engagement and education**	Educating and engaging our consumers to make sustainable and responsible choices and protecting consumers' data.
15	**Community engagement**	Engaging with the local communities we work in by donating to and sponsoring organisations supporting people, animals and the planet.
16	**Consumer health and nutrition**	Identifying opportunities to improve the health and sustainability profile of our products.

WE *recognise* THAT **SUSTAINABILITY AND BUSINESS PERFORMANCE** ARE INTRINSICALLY LINKED.

TRANSFORMING TO DELIVER ON SUSTAINABILITY

As one of the largest integrated poultry producers across Australia and New Zealand with over a 100-year history, we are well positioned to make a positive difference by addressing sustainability challenges and opportunities.

We have a lot to be proud of already; achieving 100% accreditation by the Royal Society for the Prevention of Cruelty to Animals (RSPCA) Approved Farming Scheme in Australia, tracking to the 2025 National Packaging Targets and ensuring that waste in our chicken production is minimised.

We recognise that sustainability and business performance are intrinsically linked and that to continue being leaders in sustainable poultry, we must challenge ourselves to make change, invest in the work required and collaborate with our partners and customers to make a difference. Over the coming 12 months, more detail will be shared about Ingham's sustainability strategy and the journey to achieve our goals, which is underpinned by the below principles.

AMBITION

We relentlessly pursue our ambition through good times and challenging times.

ACTION

We set commitments for the issues that matter most and aspire to make a positive difference on global issues.

ACCOUNTABILITY

We ensure accountability for sustainability across the business, up to the Board.

EMBED

We embed sustainability into our business strategy, value proposition and marketing plans.

EMPOWER AND ENABLE

We translate sustainability into relevant and accessible actions for our people and partners.

EVOLVE

We won't always get it right, but we'll listen, learn, reflect and progress.

GOVERNING FOR SUSTAINABLE OUTCOMES

Our purpose and values are aligned with our objective to deliver consistent and reliable returns to our stakeholders. We believe this is only possible in a future where sustainability and climate change risks have been identified and mitigated.

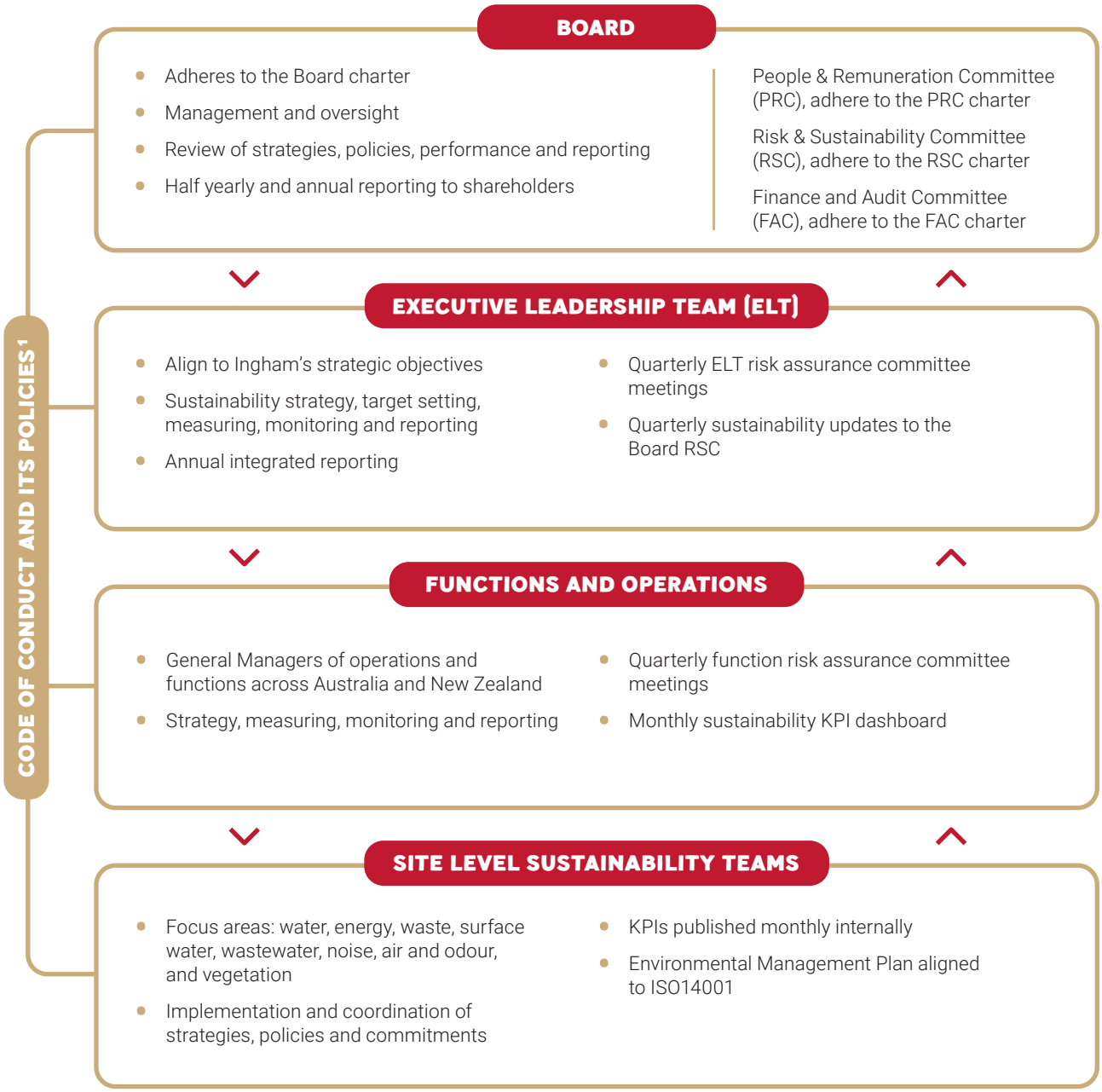
Sustainability is core to our strategy, and we are working to embed sustainable decision-making across our business. Oversight of sustainability and climate-related risks and opportunities is provided by Ingham's Board and its Risk and Sustainability Committee (RSC). The RSC is responsible for identifying and overseeing material and emerging risks at Ingham's, including economic, health, safety, quality, environmental, social, sustainability and governance risks.

The RSC meets quarterly to fulfil its role and responsibilities related to sustainability, including:

- overseeing sustainability and climate change risks, including both physical and transitional risks;
- reviewing and approving sustainability reporting; and
- approving Ingham's Sustainability Strategy and reviewing progress against 2030 targets and commitments.

More information on the role and activities of the RSC is available in the Corporate Governance Statement, Principle 7 within Ingham's Annual Report, and in the RSC Charter available on the Company's website.

Our sustainability governance framework outlines how we manage sustainability within our business to reduce risk and embed a culture of accountability led by the Board and empowered from within.



(1) Policies include: Whistleblower Policy, Anti-Bribery & Anti-Corruption Policy, Continuous Disclosure Policy, Environmental Policy, Risk & Sustainability Policy and Inclusion & Diversity Policy.

SUSTAINABILITY IN FY22

OUR FOCUS AREAS:

People and consumers

Our team of approximately 8,000 people are at the forefront of our purpose and are the most important asset in driving sustainability at Ingham's. We are committed to providing a safe and empowering workplace for our teams as well as ensuring compliance across the supply chain, continuing to provide sustainable and nutritious products to our consumers, and supporting the communities where we work.

Animals

We are committed to being leaders in animal welfare by protecting and improving the health, welfare, and comfort of our birds through monitoring, accountability and innovative solutions and technology.

Planet

Protecting and preserving the land on which we operate is core to delivering sustainable and quality products. We are committed to adapting and responding to the impacts of climate change and minimising any negative environmental impacts through sustainable procurement, water stewardship, innovative waste solutions and sustainable agriculture.

OUR PEOPLE AND CONSUMERS

Product safety

We are committed to providing safe, quality food for our consumers driven by continuous improvement and our people's passion for always providing the best from farm to table.

Our commitments

- Achieve quality excellence in everything we do, not only for our customers and consumers, but also for our employees, stakeholders, and our community.
- Continually develop and implement food safety and quality systems, standards, and procedures to produce safe, legal, and authentic products.
- Deliver quality nutritional products ensuring excellence in food safety:
  - achieve an average of 90% compliance across the business to the Product Pride Program;
  - reduce customer complaints (CPmkg), on average, by 5% year-on-year; and
  - achieve, on average, an 'A' rating across our business against the Global Food Safety Initiative BRC annual audits.

OUR **PRODUCT PRIDE PROGRAM** PROVIDES THE FRAMEWORK TO DELIVER *world-class* SAFETY AND QUALITY.

Our approach

To deliver on our purpose and achieve our ambition, our quality approach must go beyond formal regulations. It should be embedded in our culture. The health and welfare of our animals and how our food is processed, prepared, sold and served rely on every person in our food supply chain being committed to food safety and quality.

Our dedication to food safety and quality includes reducing risk through investment, strategic oversight and ongoing leadership to promote awareness among our people.

Our Product Pride Program provides the framework to deliver world-class food safety and quality as defined by the Global Food Safety Initiative (GFSI). The program addresses:

1. **Risk reduction strategies**
2. **Hazard Analysis Critical Control Point (HACCP)**
3. **Best practice support programs (good manufacturing practice (GMP))**
4. **Standards and procedures**
5. **Leadership, communication and learning**

Each pillar has clear leadership and assigned responsibility, deliverables, timelines and measurable objectives. These pillars have provided the work structure for the Product Pride Program 2019-2022. They will continue through 2023-2025 under the framework of the existing Ingham's Food Safety and Quality Management System.

100% OF OUR SITES ACROSS AUSTRALIA AND NEW ZEALAND ACHIEVED A OR AA GFSI BRC FOOD SAFETY STANDARD CERTIFICATION

Our performance

All Ingham's operations commit to continuous improvement and are evaluated and validated for effectiveness through objective measures. These measures include internal and external audits and the development and application of food safety and quality-specific business KPIs.

Complaints per million kg (CPmkg) performance

Our FY22 Product Pride Program achieved its target of greater than 90% compliance.

Our team's ongoing focus on quality and leveraging the program resulted in reducing 'complaints per million kg' (CPmkg) in FY22 by 18% against FY21. It also supported 100% of our sites achieving 'A' or 'AA' grade GFSI BRC Food Safety Standard certification for FY22. We continue to work towards achieving the highest levels of accreditation at all of our sites. Based on the program's success, we will refresh and continue the Product Pride Program in FY23 through to FY25.

We promoted food safety awareness through Workplace, our internal communications platform. This included celebrating World Food Safety Day on 7 June 2022 by sharing information on food safety guidelines.

4 HEALTH STAR RATING

Consumer health and nutrition

We continuously identify opportunities to improve the health and sustainability of our products.

Our commitments

- Develop products to achieve a minimum 10% reduction in fat and sodium contents by 2030.

Our approach

We are always working to improve the health and nutritional attributes of our products. One important way we have been doing this is by implementing the Health Star Rating[1] on our packaging. The scheme aims to help Australians make healthy choices and assigns a rating from ½ to 5 stars based on the overall nutritional profile of the packaged food item.

Our performance

Our new Bulk Bag range launched in retail stores in June 2022 features Health Star Rating labelling. All new packaging will be updated to include Health Star Rating labels in due course and as changes are made to reduce write-offs.

We have expanded our gluten-free range in New Zealand by introducing the Waitoa Karaage Chicken. This complements our existing gluten-free offerings: Waitoa Chicken Tenders, Burgers and Nuggets. We also removed the milk ingredient from the Let's Eat plant-based range in response to consumer feedback for a vegan option.

(1) http://www.healthstarrating.gov.au/internet/healthstarrating/publishing.nsf/Content/About-health-stars

Consumer education

We want consumers to know they are making sustainable and responsible choices when they choose Ingham's.

Our commitments

- Educate and engage our customers to help them make sustainable and responsible choices.

Our approach

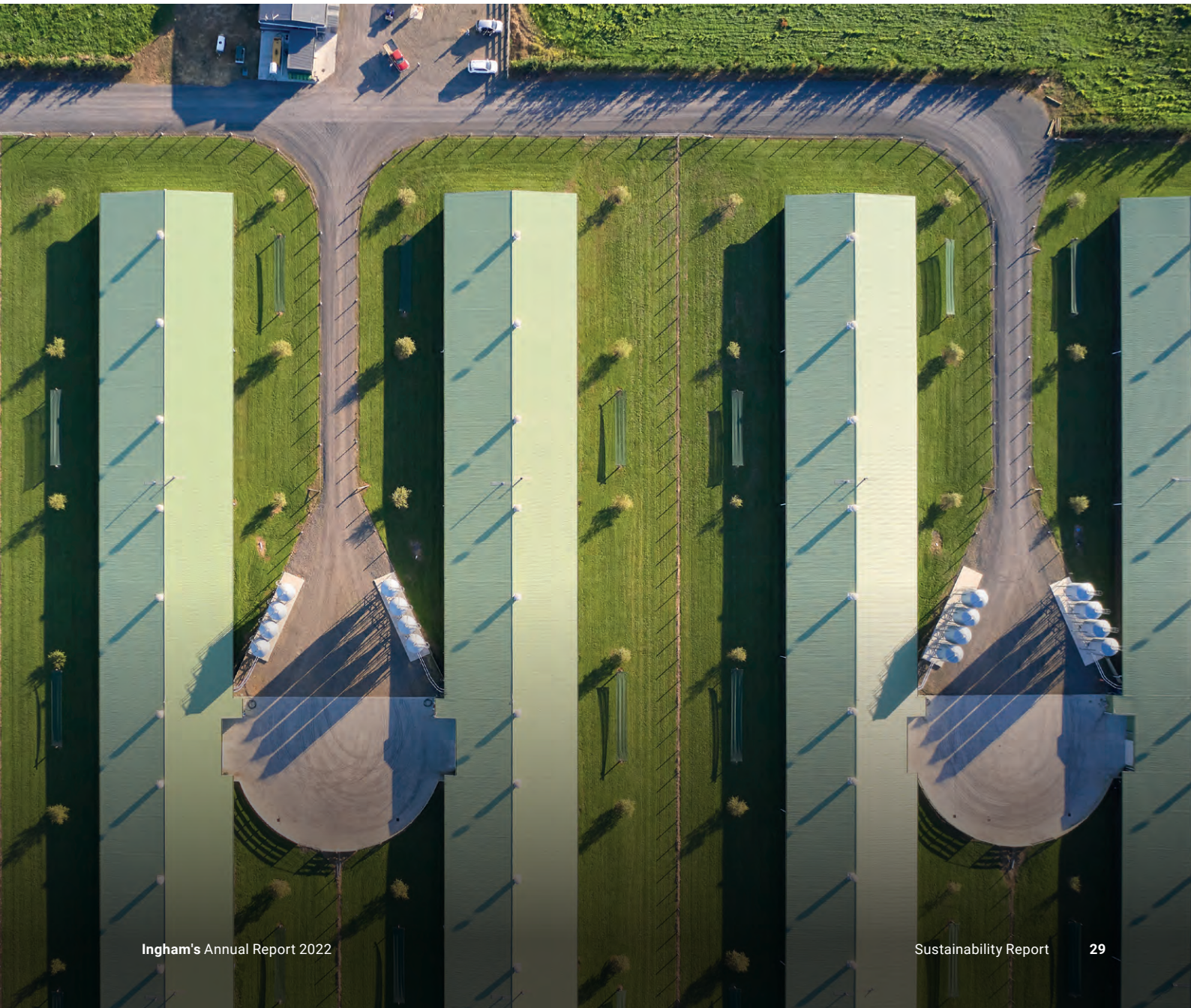
We promote Ingham's development of sustainable and healthy products across our internal and external communication, and product channels.

Our performance

This year, we launched the first net carbon zero certified chicken in New Zealand. To communicate this exciting milestone, our marketing campaign included TV, outdoor, radio and social media advertising. We backed this up with sales promotions to our retail customers with mailer activity, in-store signage and in-store consumer promotions. You can read more about our Waitoa net carbon zero certified chicken in the 'Climate action' section on page 42.

We updated our packaging to include Australasian Recycling Labels (ARL) to advise consumers how to recycle packaging. This new packaging includes QR codes, which link directly to the sustainability page of our website. We also include the REDCycle and Soft Plastic Recycling Scheme logos on relevant packaging to support soft plastic recycling in Australia and New Zealand. See more about this in the 'Sustainable packaging' section on page 49.

We are also developing a series of films to inform consumers about our commitment to being *Always Good* to our people, animals and planet. The films will explain how chicken provides a more sustainable source of protein than other land animals, debunk myths surrounding hormones and steroids, and provide information to demonstrate the scale of the business and the quality of our product. The advertisements are scheduled to air in 2023.



Community engagement

We engage with the local communities we work in by donating to and sponsoring organisations supporting people, animals and the planet.

Our commitments

- Develop partnerships with organisations that support our people, animals and planet.
- Develop programs and initiatives that allow us to connect and positively impact our local communities.

Our approach

We have a GivING program that seeks to engage with our people to support the communities we work in through sponsorships, donations, and corporate volunteering.

While volunteering was limited during the year due to COVID-19, we continued to donate money and food products to organisations that support people in our local communities.

Our performance

This year, we signed a national partnership with Foodbank Australia for the donation of food. In FY22, our food donations provided 1,016,700 equivalent meals to support people across the country, including remote communities.

Food insecurity is a significant problem, with one in six adults in Australia having gone hungry in the past year[1]. Ingham's also donated $10,000 to Foodbank in support of the New South Wales and Queensland flood relief efforts. In New Zealand, we donated 32.9 tonnes of product to frontline food rescue and distribution charities that operate in our local communities.

Other donations, sponsorship and financial support included:

- helped to supply clean water to the Tongan community through a donation to Oxfam Aotearoa to support relief efforts following the offshore volcanic eruption in January 2022;
- continued financial support to the Ingham Institute for Applied Medical Research as part of our three-year agreement. The Ingham Institute funds and leads world-class medical research to treat people living with common medical conditions and disease, including cancer, rehabilitation, and mental health;
- Diamond sponsorship of the Woolies Wheels and Walks, a fundraising partnership between Woolworths and Tour de Cure raising money to help find a cure for cancer. Our people also participated in the ride and walk to raise additional money for this important cause;
- sponsorship of the Mount Festival in Mount Maunganui and The Emirates Team New Zealand; and
- donated food products to Zoos South Australia.

1,016,700

EQUIVALENT MEALS PROVIDED BY OUR FOOD DONATIONS IN AUSTRALIA IN FY22

$10,000

DONATED TO FOODBANK IN SUPPORT OF FLOOD RELIEF EFFORTS IN AUSTRALIA AND A FURTHER $10,000 DONATED TO OXFAM AOTEAROA IN SUPPORT OF THE TONGAN RELIEF EFFORTS

32.9 TONNES

OF PRODUCT DONATED TO FRONTLINE FOOD RESCUE AND DISTRIBUTION CHARITIES IN NZ

(1) https://www.foodbank.org.au/?state=au

Employee health, safety and wellbeing

We are committed to a vision of zero harm for our people by supporting their health, safety and wellbeing and managing risks and crises.

Our commitments

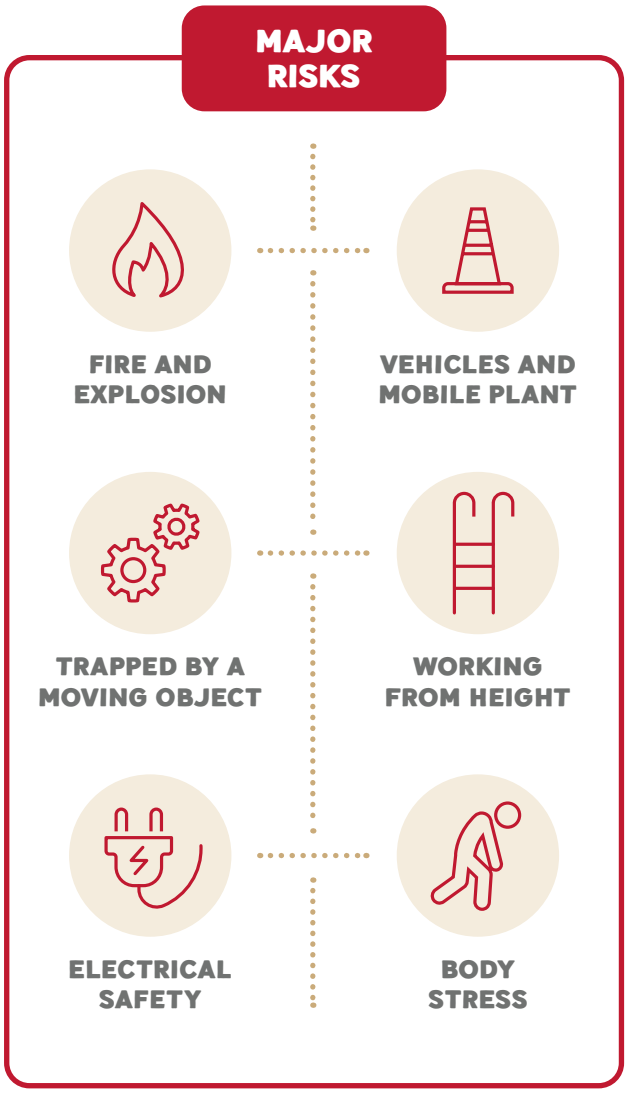
- Provide a safe and healthy work environment.
- Achieve at least 95% compliance with the Safety for Life program each year.
- Reduce serious, recordable incidents by 5% year-on-year.

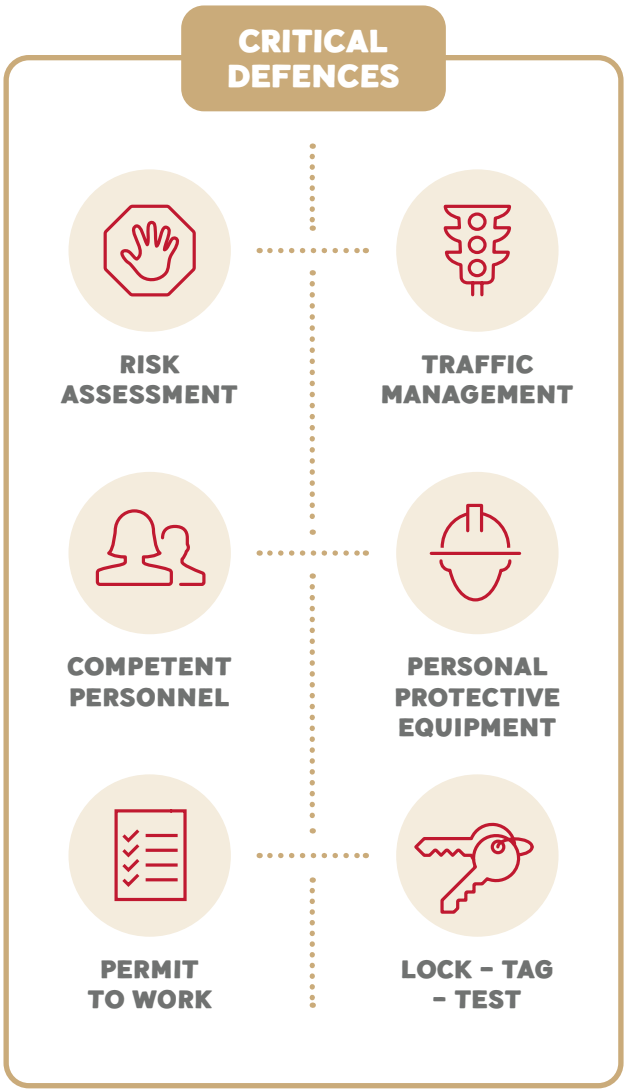
Our approach

We want our people to go home safe to their families every day. We have an established Work Health and Safety Management System (WHSMS) to help achieve this. We also have procedures covering our operations across Australia and New Zealand, which are subject to rigorous audits.

Our Safety for Life program provides the foundation for improving our safety performance. It is underpinned by goals supporting risk reduction, safety management systems, safe behaviours and injury management. This program also guides our sites when completing Safety Walks, Hazard Inspections, Toolbox Talks and our Procedural Compliance Inspection and Auditing program. We successfully completed our 2020/2022 Safety for Life program, with performance measured monthly and monitored by our Board, Risk and Sustainability Committee, Executive Leadership Team, senior leaders and safety committees.

Our Golden Safety Rules focus on high-risk activities and critical controls that must be in place before undertaking and during work.

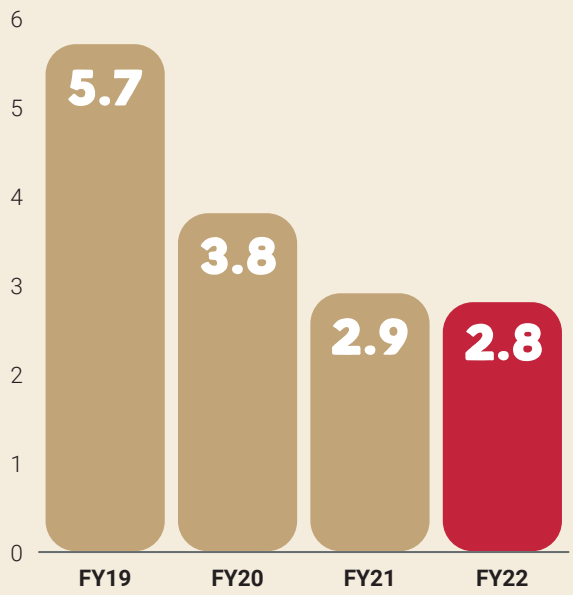




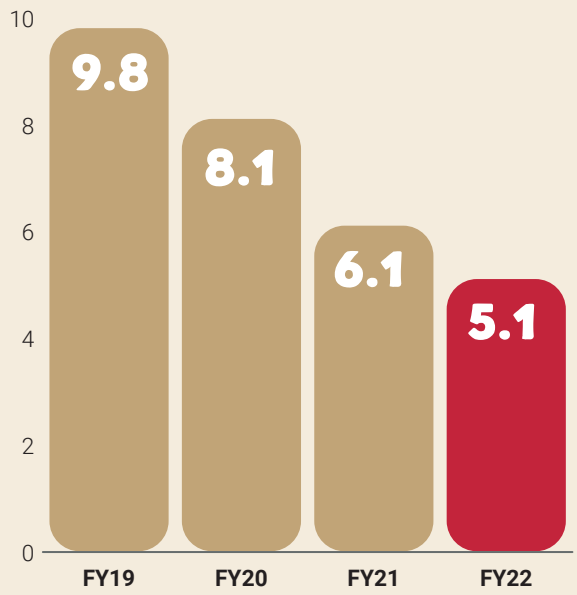
Our performance

Our Company-wide safety performance improved for the third consecutive year. It was underpinned by the ongoing Safety for Life program, reducing injuries in identified high-risk activities, including traffic management, plant and equipment isolation, and manual handling. Our Lost Time Injury Frequency Rate (LTIFR), per million hours worked, reduced by 3% to 2.8 and the Total Recordable Injury Frequency Rate (TRIFR), per million hours worked, reduced by 16% to 5.1 compared to the FY21 results.

Lost Time Injury Frequency Rate (LTIFR):



Total Recordable Injury Frequency Rate (TRIFR):



OUR *culture* IS GUIDED BY **THE INGHAM'S WAY**, THE FRAMEWORK FOR OUR PURPOSE, AMBITION, VALUES AND BEHAVIOURS.

COVID-19 response

During FY22, we worked hard to keep our people safe and ensure business continuity as an essential service provider through the ongoing COVID-19 pandemic.

To support the vaccination of our people, we provided three hours of paid leave per dose to remove barriers to people accessing COVID-19 vaccinations. On-site vaccination clinics were also available in some locations. In addition, we introduced COVID-19 vaccinations as a condition of employment, achieving a vaccination rate of more than 98% in Australia and more than 95% in New Zealand. This vaccination condition was removed in August 2022 in line with the approach of public health authorities, which included the removal of vaccination requirements across many industries.

Ingham's was an early adopter of special paid pandemic leave, which gave our people, including casual employees, time off work when they needed to get tested and self-isolate or care for someone affected by COVID-19. We introduced this special leave in April 2020 and increased the available leave in July 2020. We continued this special leave until January 2022 when it was removed in response to the success of our vaccination program and the changes to close contact rules.

Employee engagement and development

We strive to be a leading employer with a constructive culture that is fair, equitable, inclusive and rewarding for our people.

Our commitments

- Provide practical benefits and flexible arrangements.
- Develop highly engaged teams with year-on-year reductions in unwanted turnover.
- Deliver leadership development programs and development support at all levels.
- Continue to engage with our people via regular surveys and focus groups to seek feedback and identify areas for improvement.
- Support internal development with a target to fill three out of four leader roles internally.

Our approach

Our culture is guided by the Ingham's Way, the framework for our purpose, ambition, values and behaviours.

Refer to the Ingham's Way on page 8.

The Ingham's Way was refreshed during the year. It now embeds inclusion in support of our journey to a more constructive culture, reflects sustainability in our values and identifies behaviours that will help us make better decisions, attain better outcomes and achieve our strategy. The Executive Leadership Team launched it with the Senior Leadership Team (SLT) at our November Leadership Summit. Significant time was invested in planning how the 90 senior leaders would demonstrate and engage their teams on the Ingham's Way, focused on practical application of the behaviours.

Our leadership development materials have all been updated with the new Ingham's Way. The behaviours will also be reflected in our Success Profiles (performance and development plans and end-of-year reviews). Performance and behaviours together make up the overall rating of our performance reviews.

OUR PERFORMANCE

~c.55
PROMOTIONS INTO PEOPLE LEADER ROLES

90
LEADERS COMMENCED IN THRIVE LEADERSHIP CAPABILITY PROGRAM

412
PEOPLE ACROSS ANZ COMMENCED GROW DEVELOPMENT PROGRAM

7,000+
PEOPLE PAID WEEKLY

95%
MATERNITY LEAVE RETENTION RATE

Developing our people

We have several programs in place to develop capabilities that are core to our leaders' roles. These capabilities include areas such as operating safely and sustainably, understanding our customers and consumers by being data and insights-driven, and developing our people.

Thrive

This program has been created for our 90 SLT members as an 'immersive experience' to develop leadership capability. Thrive has five core objectives:

- provide leaders with insight into their leadership style and impact via a 360 review from their direct leader, peers and team;
- enhance leader capability and learning within the core leadership capabilities identified to improve our overall performance;
- reinforce Ingham's aspirational culture and 'purpose-driven leadership' practices expected of leaders;
- support our leaders to create meaningful individual development plans that enhance their leadership competence; and
- improve engagement through corporate networking and company awareness to achieve the Company goals and strategic direction.

To date, we have received positive feedback from leaders involved in this program, with 83% of respondents reporting better clarity on how to be a more inclusive leader following program completion.

Grow

Grow is focused on developing our 750 frontline leaders to constructively lead and contribute positively to our culture. The Grow modules include communications, coaching, developing teams, inclusion and leading change. The program also includes technical modules on people leadership, workplace relations, continuous improvement, safety and financial acumen. In FY22, 412 leaders started the program, with the delivery of other modules and new cohorts currently underway in Australia and New Zealand.

Homegrown

Homegrown is a personal development program in New Zealand for frontline employees. It aims to help our people set goals and empowers them to make decisions. The program has resulted in promotions for participants into roles such as quality assurance and team leadership and provided them with a clearer career path to thrive in the organisation.

PROMOTING POULTRY FARMING CAREERS

This year, our South Australia (SA) Farming team collaborated with a local high school to roll out a program to promote careers in poultry farming and educate students regarding poultry farming processes. Starting in January 2022, students at Murray Bridge High School were supplied with 50 day-old chicks and given the opportunity to rear them. This allowed the students to learn about animal husbandry and what it takes to rear chickens, as well as understanding what is involved in quality control, water management and calculating the costs. The SA Farming team supplied the bird drinking system to the school and helped with the management throughout the process. Following the students' successful rearing of their chicks, we are working with them to increase their program from 50 to 100 birds next year, with the potential to roll out the program to additional schools in 2023.

Attracting and retaining employees

The candidate market continues to be constrained. To compete in this market and attract people to Ingham's, we have invited our people to focus groups to listen to their views on why Ingham's is a great place to work.

Some of the actions we have already taken to support Ingham's as a great place to work includes:

- introducing thank you payments, paid pandemic and vaccination leave during the peak of the COVID-19 pandemic;
- updating our Flexible Work Policy to support work-life balance;
- refreshing our job advertisements to promote our culture, values and benefits; and
- trialling parent and student hour shifts in South Australia and Queensland, following a successful trial in New Zealand.

When we launched an employee referral program across Australia and New Zealand, 32% of our placements in the first two months were a direct result of our people recommending people they know to join Ingham's.

We are also working to educate and attract school leavers to join the industry. Read more in our case study: Promoting poultry farming careers. We hope to attract further candidates through new partnerships with agencies, including Jobs Victoria and AgCareerStart.

Workplace Relations

Ingham's strives to establish workplace relations that are fair, constructive and collaborative.

Collectively negotiated agreements cover 86% of our people in operations across Australia and New Zealand, with 93% coverage in Australia. We seek mutual gains through these negotiations to provide our people with competitive and fair pay and conditions of employment while supporting our business to meet operational needs.

We maintain productive relationships with our main unions, which enable us to work together effectively to find solutions. This was particularly important during the pandemic. We have also established consultative committees at our operational facilities to address employee issues, aid change consultation and seek feedback before implementing workplace changes.

Equality, diversity and inclusion

We aim to provide a safe, inclusive and supportive workplace where our people are inspired to make a difference, their voices are heard, and decision-making and conversations are grounded in our values of care, courage, curiosity and commitment.

Our commitments

- Promote an inclusive and diverse environment through an Inclusion and Diversity Framework.
- Target that a minimum of 40% of leaders are women by 2030.

Our approach

This year, we developed and launched our Inclusion and Diversity Framework for 2030 to focus on:

DIVERSITY FOCUS FOR 2030

1 ORGANISATION

Provide training and education to our leaders and employees on how to build an inclusive workplace.

2 INDIGENOUS

Grow our partnership with Indigenous communities and suppliers across Australia and New Zealand and develop a Reconciliation Action Plan.

3 GENDER

Ensure zero gender salary discrimination and increase women in leadership.

4 ACCESSIBILITY

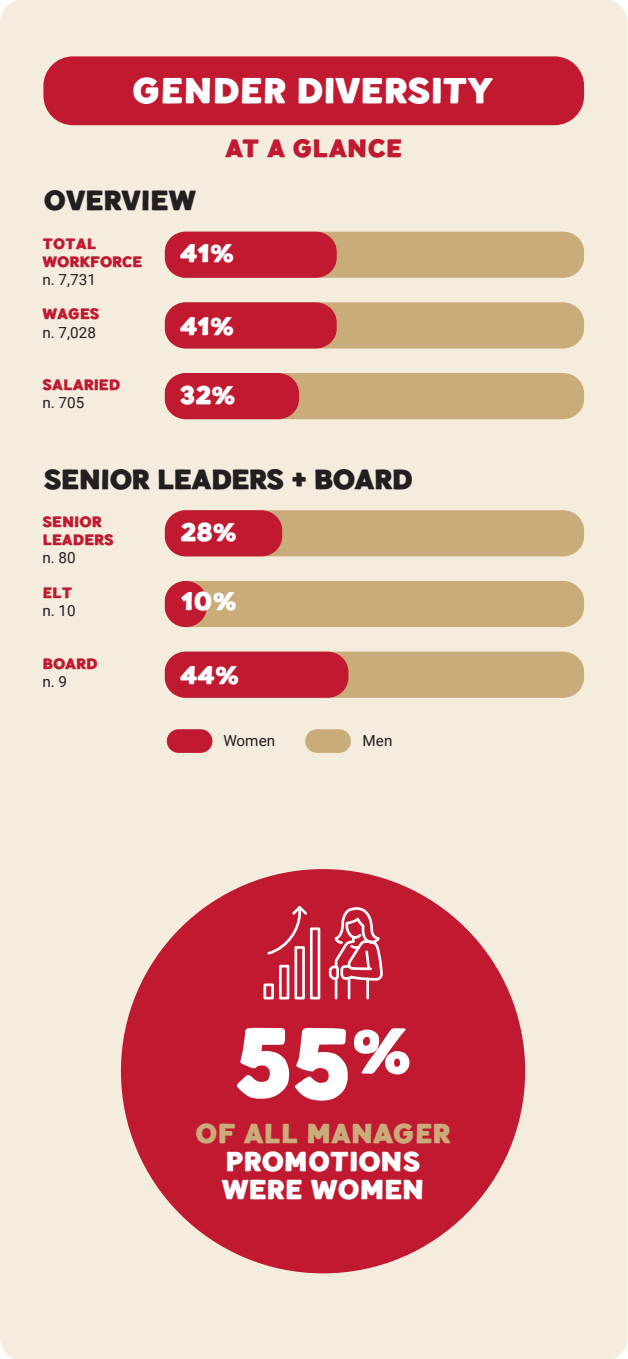
Design, build and implement an Accessibility Talent Program.

5 LGBTIQ+

Ensure the language we use in our polices is gender neutral and educate our people on the use of pronouns.

6 ETHNICITY

Policies communicated and translated to our workforce's mostly commonly spoken languages.



Our performance

Our priority during FY22 and FY23 is building the foundations to accelerate and develop a more inclusive and diverse workplace. Inclusion has been identified as a high-priority foundation for developing our leadership capabilities and culture. Inclusion training is incorporated in our Thrive and Grow leadership development programs to ensure we are demonstrating and building an inclusive culture from the top.

Some of the other actions we have taken this year to implement our Inclusion and Diversity Framework include:

- Translating important communications into the six most common languages spoken in our workforce.
- Identifying roles and career paths for employees with accessibility needs. We have hired three people with accessibility needs in FY22 and trialled an accessibility partner.
- Making disability and mental health training available to all leaders.
- Celebrating key cultural events including Manaaki month and Matariki in NZ, and National Reconciliation and National Aborigines and Islanders Day Observance Committee (NAIDOC) Weeks in Australia.
- Employing 20 people at our Te Aroha primary processing plant through our alignment with the Te Heke Mai coaching and employment program.

We are committed to improving gender equality. During FY22, 55% of all manager promotions were women. Women comprise 44% of our Board, 10% of our Executive Leadership Team and 28% of our Senior Leadership Team. We are working towards achieving a minimum of 40% of women in senior leadership by 2025.

While acknowledging that a better outcome is desired and required, it is still pleasing to report that Ingham's has reduced its Gender Pay Gap to 11.98%, a reduction of 0.5% from the prior year. Our remuneration benchmarking process ensures zero gender pay discrimination, helping us to close the gap year-on-year.

We understand that many factors contribute to the gender pay gap in society, so we will work to support parents with flexible policies and parental leave and continue to focus on the development of women. We have a target for >60% of shortlists for our senior leader vacancies to include a minimum of one woman candidate.

Human rights and modern slavery

We identify, monitor and mitigate human rights risks in our business and supply chain. This is to prevent harm to people and ensure compliance with relevant regulations and standards.

Our commitments

- Identify, mitigate and report on human rights and modern slavery risks by conducting due diligence on high-risk suppliers.

Our approach

We are committed to preventing all forms of slavery, exploitation and human trafficking in our direct and indirect supply chains. To achieve this, we assess the risks of modern slavery, safeguard our workforce and monitor our supply chains against any actual or potential criminal and inhumane treatment of people in their employment.

We assess the risk of modern slavery in our operations to be low, as we do not have any operations outside of Australia and New Zealand and most of our people are directly employed by Ingham's.

However, we remain vigilant to the possibility and focus on maintaining high standards of corporate governance.

We source our goods and services from approximately 3,800 direct suppliers, across various industries from feed, packaging, ingredients, consumables and uniforms to cleaning, distribution and freight services. The Ingham's Ethical Sourcing and Sustainable Procurement Code of Conduct sets out our social, environmental and ethical expectations for suppliers and was released to all of our Tier 1 suppliers. While more than 95% of our direct suppliers are based in Australia and New Zealand, our suppliers may source goods from overseas. An example is uniforms, which are procured locally with washing services managed within Australia, but with garments manufactured overseas.

To manage risk in the supply chain, we are a SEDEX (Supplier Ethical Data Exchange) member and share information on our performance with customers. Our standard supply contract includes a clause that relates to modern slavery expectations. We assess risks in our supply chain based on a heat map that considers geographical and sector risks. You can read more about the steps we have taken in our Modern Slavery Statement, available on our website.

WE MAINTAIN *high standards* OF CORPORATE GOVERNANCE TO **REMAIN VIGILANT AND TO MITIGATE HUMAN RIGHTS RISKS** IN OUR BUSINESS AND SUPPLY CHAIN.

Our performance

Social accountability audits

We introduced proactive compliance audits in FY22 for our high-risk industry suppliers to increase third-party labour supplier practices oversight. This includes cleaning services, labour hire, security and road transport industries.

Ingham's engages an external employment firm to conduct these audits, to identify risks of non-compliance with workplace relations obligations.

We have completed audits across several suppliers this financial year. No modern slavery incidents have been identified in these audits. Where compliance with other workplace relations risks has been identified, we have worked with those suppliers to rectify and improve their processes.

Three audits were conducted for suppliers in labour hire, road transport and cleaning services. The results are as follows:

SUPPLIER INDUSTRY	LABOUR HIRE	ROAD TRANSPORT	CLEANING SERVICES
Risks of serious non-compliance identified in audit[1]	YES	YES	NO
Risks of potential non-compliance identified in audit[2]	NO	YES	NO
Status of risks identified	RESOLVED	RESOLVED	N/A

Resolving non-compliances

- Labour hire: The non-compliance identified related to incorrect award application by the labour hire supplier. This was resolved by the supplier completing a full audit and rectifying underpayments. This was completed in June 2022 by the supplier.
- Road transport: The non-compliance identified related to incorrect award application by the road transport provider. This was resolved by the supplier completing a full back-payment of the correct award rates. This was completed in September 2021 by the supplier.

Policies and training

We continued to promote our Whistleblower and Bullying, Harassment and Discrimination Prevention Policies by:

- refreshing and developing new videos to raise awareness of the policies and process for dealing with issues. This includes releasing translations in our workforce's commonly spoken languages, being Arabic, Bengali, Chinese, Hindi, Khmer, Thai and Vietnamese;
- updating toolbox training guides to equip our leaders to raise awareness of the policies, processes and our people's rights;
- supporting leaders with a guide to enable them to competently respond to whistleblower complaints, ensure anonymity during the process, and identify whether a complaint is misconduct or a workplace grievance; and
- training leaders to lead constructively, respond competently and investigate complaints regarding bullying, harassment and/or discrimination.

The updated policies and training materials were published on our internal communications channel, Workplace, which is accessible to every employee. This resulted in greater awareness of these processes amongst our people and an increase in reports in both areas compared to the prior financial year. These reported matters did not amount to misconduct as defined in the Corporations Act.

We had an increase in reporting of 5% from FY21 to FY22 across all matters reported internally, including bullying, harassment, inappropriate behaviour, sexual harassment, discrimination, or other misconduct. We also maintained our average time to close these matters year-on-year.

(1) Matters identified in audit as non-compliant.
(2) Matters that are not breach of any legal or regulatory obligation but represent potential non-compliance.

OUR ANIMALS

Animal health and welfare

We recognise that animals are sentient beings capable of feeling emotions. This strengthens our commitment to monitor, protect and enhance the health and wellbeing of every bird in our care.

Our commitments

- Protecting animal welfare through accountable leadership and innovation.
- Use antibiotics responsibly including only where clinically indicated and where not using them would compromise the welfare of the birds.
- Ensure animals are not subject to any genetic modification or cloning.
- Avoid the close confinement of our chickens and turkeys by providing adequate space to enable the expression of natural behaviours.
- Provide an enriched environment to allow birds to express their natural behaviours.
- Ensure the transport of all live animals is kept to a minimum and, wherever possible, does not exceed eight hours.
- Avoid routine physical alterations unless required to support animal welfare.
- Ensure all animals within our supply chains are subject to pre-slaughter stunning.
- Transparently report independent animal welfare audits in our farming and processing operations.

Our approach

We are recognised as a leader in animal welfare through our innovative and transparent animal welfare practices and accountable leadership.

Our Animal Welfare Council is led by our General Manager of Veterinary Health and Welfare, and two members of the Executive Leadership Team. The Council is attended by our subject matter experts across Australia and New Zealand farming and processing operations. The Council convenes quarterly and provides regular oversight of animal welfare performance, research and technology, animal welfare projects, strategy and customer insight across Australia and New Zealand.

We aim to drive a positive animal welfare culture throughout our operations through clear governance. Our agricultural team report to the Chief Agribusiness Officer, who is responsible for leading Ingham's operations with a focus on continually improving the nutrition and welfare of our animals. We have animal welfare specialists embedded in our operations. This includes our Company veterinarians who oversee animal welfare across farming and processing operations and externally trained Poultry Welfare Officers at every primary processing site.

Our Animal Welfare policy, objectives and measures are based on the traditional 'five freedoms'. They are also based on a model that goes beyond minimising suffering to actively promoting positive experiences and quality of life.

THE FIVE FREEDOMS

1. FREEDOM FROM HUNGER AND THIRST
2. FREEDOM FROM DISCOMFORT
3. FREEDOM FROM PAIN, INJURY AND DISEASE
4. FREEDOM TO EXPRESS NORMAL BEHAVIOUR
5. FREEDOM FROM FEAR AND DISTRESS

Ingham's complies with local and national animal welfare regulations across its farming operations. In addition to the minimum regulatory requirements and supplementary Ingham's minimum standards, we hold external accreditation with the following animal welfare standards:

- all Ingham's meat chicken growing farms in Australia are certified by the RSPCA Approved Farming Scheme to their indoor requirements;
- all Ingham's free range meat chicken growing farms in New Zealand are SPCA Certified; and
- all Ingham's free range meat chicken growing farms in Australia are accredited by FREPA (Free Range Egg and Poultry Australia). These farms are also certified by the RSPCA Approved Farming Scheme to their indoor requirements. We are working to achieve certification against RSPCA Approved outdoor requirements.

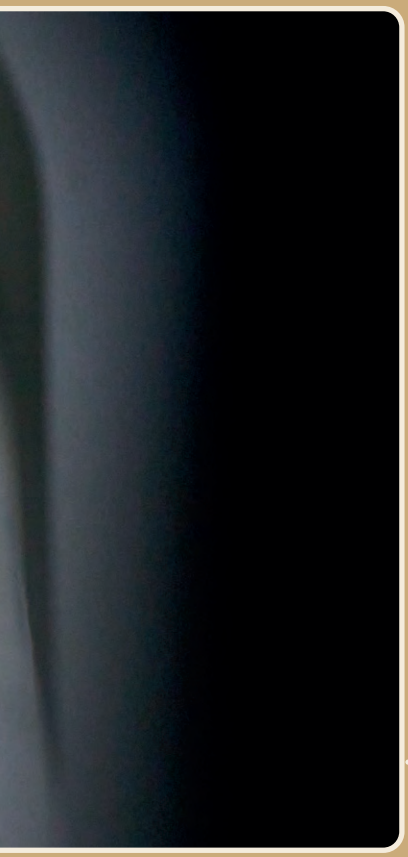
Our performance

We regularly report our key welfare indicators to internal and external stakeholders. This includes our Animal Welfare Council, which reviews opportunities for continuous improvement.

We published our inaugural Animal Welfare Report for the financial year 2021 and continue to build on these outlined commitments to animal welfare. We have completed an external assessment of our policies and procedures that benchmarked us against global companies. This provided learnings and opportunities to further develop global best practices for animal welfare.

After investing in improving animal welfare at our Pakenham Hatchery in Victoria by implementing HatchCare incubation technology in 2021, this year, we also implemented it at our new hatchery in Western Australia. HatchCare gives chicks light, food and water from the moment they hatch. Read more in our case study: Ongoing investment in animal welfare.

We have also commissioned and participated in animal health and welfare research this year. This includes projects to optimise effective enrichment across free range and commercial production and investigate the effect of ionophore removal on bird health and welfare, human health and the environment.



ONGOING INVESTMENT IN ANIMAL WELFARE

We are committed to the continuous improvement of the health and wellbeing of the animals in our care. To support the wellbeing of chicks when they first hatch, we have implemented HatchCare incubation technology at our new hatcheries at Packenham and Muckenburra. HatchCare provides optimal temperatures, increased lighting, constant access to feed and water, and a quieter and more comfortable environment for chicks as soon as they hatch. These conditions lead to healthier and stronger chicks. HatchCare chicks from our Pakenham Hatchery are, on average, around four grams heavier when removed from the hatcheries, than comparable chicks hatched from a traditional HatchTech hatchery. This is partly because the HatchCare hatchers provide early access to feed and water and allow chicks more time to grow. The HatchCare system also improves animal welfare outcomes by reducing chick handling stress as they are not removed from the hatcher baskets after hatching for counting and transport.

OUR PLANET

Climate action

Climate change is one of the most significant challenges facing the planet. We are committed to reducing greenhouse gas (GHG) emissions generated by our operations and supply chain and respond to the impacts of climate change.

Our commitments

- Adopt Science Based Targets (SBT) for GHG emissions[1]:
  - reduce Scope 1 and Scope 2 absolute GHG emissions by 43%[2] by 2030 against FY19 baseline;
  - develop a 2030 Scope 3 GHG emissions SBT against FY19 baseline; and
  - source 75% green electricity by 2030.

Our approach

To ensure our response is in line with the latest climate science to meet the goals of the Paris Agreement, Ingham's has committed to Science Based Targets (SBT) for GHG emissions. Our Scope 1 and Scope 2 SBTs will be based on the 1.5-degree pathway. We are developing our targets, which will be submitted to the SBT initiative for validation by June 2023.

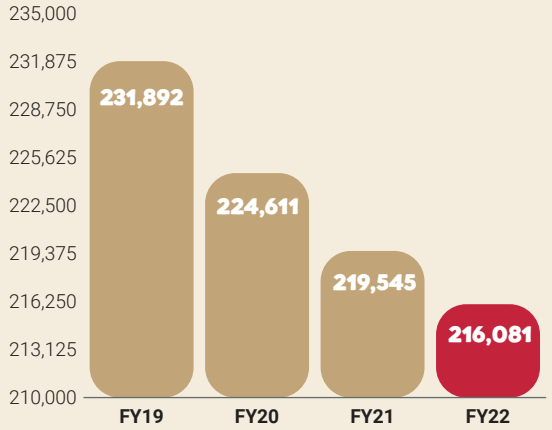
To reduce GHG emissions across our business, we work collaboratively with each site having a bespoke Environmental Management Plan to improve our environmental performance. We also have the support of our services teams for opportunities that can be leveraged company-wide. Some initiatives we have implemented to reduce our GHG emissions include installing LED lights across our facilities and monitoring site energy efficiency. At Te Aroha in New Zealand, we use bore water heat recovery in our processing facility to reduce natural gas usage.

As we move forward, Ingham's has a range of projects to substantially reduce our GHG footprint and work towards reaching our targets. These projects are evaluated across a broad range of metrics designed to achieve our reduction targets by 2030. Information on these projects will be shared at the relevant time.

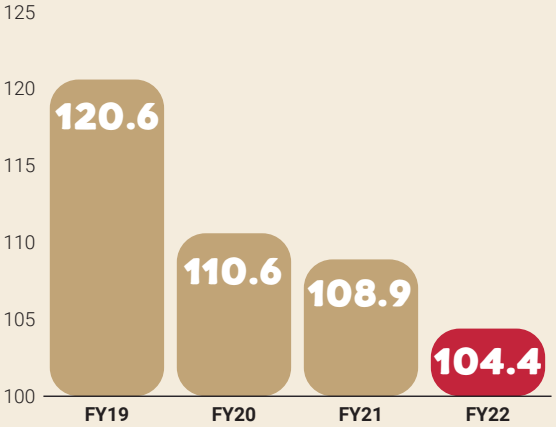
Our performance

We are pleased to report the continual downward trend of our greenhouse gas emissions. This year, we have reduced our absolute Scope 1 and Scope 2 emissions by 1.6% against FY21 and 6.8% against FY19. We also measure our GHG emissions intensity per tonne of product. In FY22, GHG emissions intensity reduced by 4.2% against FY21 and 13.5% against FY19.

SCOPE 1 AND 2 ABSOLUTE GHG EMISSIONS (T)



SCOPE 1 AND 2 GHG EMISSIONS INTENSITY ($KGCO_2e/T$)



Note: In the 2021 Sustainability Report, our GHG emissions data included Scope 3 emissions associated with landfill waste generation. To align to the Science Based Targets reporting, only Scope 1 and 2 emissions are presented in the above graphs.

(1) https://inghams.com.au/inghams-tackles-climate-change-with-science-based-targets/
(2) Under development for disclosure in FY24.

NET CARBON ZERO CERTIFIED CHICKEN

This year, we were proud to launch the first Toitū net carbonzero certified chicken product in New Zealand. Our Waitoa Free Range Chicken achieved the independent Toitū net carbonzero certification, which is internationally recognised. The certification required a stringent process. It involved measuring the full lifecycle carbon footprint, including every step of the supply chain – from raw materials and production to distribution, packaging and disposal[1]. The certification focuses on reducing GHG emissions through projects. For the remaining unavoidable emissions, we purchase verified carbon credits.

We partnered with Toitū Envirocare approved local projects in Marlborough and abroad to offset unavoidable emissions and achieve net carbon zero product certification. These projects include:

- **Spray Point, Marlborough** – supporting the creation of forests in the Permanent Forest Sink Initiative (PFSI), a government program. The program prevents large scale harvesting of the forest and includes a 99-year contract for carbon sequestration;
- **Community reforestation in East Africa** – Reducing clearance of trees for farming and the consequence of erosion. This forestry project combines carbon sequestration with sustainable development, helping to improve community livelihoods through education and training to create additional sources of income beyond smallholder farming;
- **Improved water infrastructure in Sub-Saharan Africa** – This project improves health and livelihoods by providing clean drinking water to small rural communities through repairing and drilling new boreholes. This also reduces the need to boil water, taking pressure off local forests used for firewood and reduces GHG emissions;
- **Clean cooking methods in Bangladesh** – Less than 20% of the 35 million Bangladeshi households have access to clean cooking. Cooking traditionally involves an open firepit, releasing smoke and pollutants. This project provides families with a 'friendly stove' which has a combustion chamber that is more efficient, reduces fuel use and the chimney takes the harmful pollutants out of the house; and
- **Clean cooking methods in Ghana** – An efficient cookstove, Gyapa, cooks food more quickly, requires 50% less fuel and is less smoky. This not only cuts carbon emissions but reduces exposure to toxic fumes. These stoves are also made locally, creating jobs in the community.

TOITŪ NET CARBON ZERO PAS 2050 PRODUCT

We're Committed to a SUSTAINABLE FUTURE

(1) https://www.waitoafreerange.co.nz/these-chickens-are-carbon-zero/

Sustainable agriculture and biodiversity

We seek to protect and preserve land and biodiversity, conduct environmental impact assessments, minimise impact from our operations and support planetary health.

Our commitments

- Continue to employ sustainable agriculture and procurement practices:
  - Research alternate protein meals with lower GHG emission potential.

Our approach

Ingham's is a member of the local chapter of the Sustainable Agriculture Initiative (SAI), participating in their working groups. The SAI platform brings together organisations from across the food and beverage value chain to solve problems and improve the productivity and sustainability of agriculture. We support their vision of a sustainable, thriving and resilient agricultural sector that protects human rights, animal welfare and our planet's resources.

Our performance

Ingham's is focused on ensuring our feed ingredients are sustainable. Grain makes up 70% of our raw feed materials by volume and is mostly sourced from Australia. We also use soy from Argentina. We are also looking to reduce soy usage by substituting it where we can with locally-produced protein meals and pulses. We will continue to support collaborative action across the industry to improve sustainability outcomes for all.

The Ingham's NZ Farming team received the Aviagen Award this year. From a sustainability perspective, this improves the efficiency of broiler production by using less feed and water and reducing costs. Read more in our case study: Awards to our Ingham's farming teams.

AWARDS TO OUR INGHAM'S FARMING TEAMS

This year, our Australian and New Zealand farming teams were recognised by the global genetics provider, Aviagen, through their inaugural Aviagen ANZ Parent Stock Awards. The Awards recognise improvement in the performance, health and welfare of parent stock chickens.

The New Zealand team received Gold in the NZ/Pacific region for achieving the best rate in the total eggs per hen housed category, while the Western Australia and Victoria teams won Silver and Bronze, respectively, in the Australia region.

The New Zealand team also received Gold in the NZ/Pacific region for the best rate of chicks per hen housed category, and the Western Australia team won Gold in the same category in the Australia region, and the Queensland team won Silver. From a sustainability perspective, this improves the efficiency of broiler production by using less feed and water, as well as reducing costs.

Sustainable procurement

We work with our suppliers to assess, monitor and support them to improve their social and environmental performance.

Our commitments

- 100% of our suppliers meet our Ethical Sourcing and Sustainable Procurement Code of Conduct by 2030.

Our approach

Our Modern Slavery Statement and Ethical Sourcing and Sustainable Procurement Code of Conduct cover our sustainable procurement practices and the standards we expect in our operations and supply chain.

The Code of Conduct has been communicated to our Tier 1 suppliers. It includes expectations regarding protecting human rights, animal welfare and the environment in alignment with ethical practices, legal requirements and other policies, and international good practice.

We are committed to working openly and constructively with suppliers by supporting, guiding or giving them time to meet our Code of Conduct principles. Suppliers who cannot meet these principles may no longer qualify as an Ingham's supplier.

Some of the requirements of our suppliers include:

- adhering to all local, national and international applicable laws including but not limited to those laws related to work hours, wages, labour relations, immigration and foreign labour, health, safety, animal welfare and the environment;
- not using child labour or exploiting children in any way;
- treating all workers with respect and dignity with no discrimination;
- providing workers with a safe and clean working environment;
- having or be working towards an environmental management plan; and
- ensuring the principles of the 'five freedoms' of animal welfare are met.

Our performance

Our performance measures are provided in sections covering human rights and modern slavery, waste and sustainable packaging.

Water stewardship

As a large user of water, which is essential for poultry processing, we use it responsibly and sustainably by implementing efficiency measures in our operations to reduce use and maximise recycling.

Our commitments

- Reduce water intensity needed to process our products by 20% by 2030 against an FY19 baseline.

WE HAVE *committed* TO **PROACTIVELY MANAGING** OUR WATER CATCHMENT, USAGE AND TREATMENT OF WASTEWATER.

Our approach

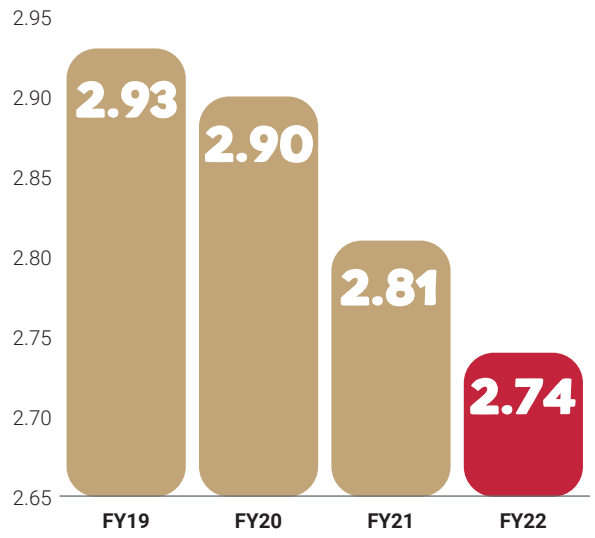
As a member of the Alliance for Water Stewardship (AWS) Global Standard, we have committed to proactively managing our water catchment, usage and treatment of wastewater. We support the goals of the AWS, which include improved water governance, sustainable water balance, good water quality, and access to water, sanitation, and hygiene for all.

Our performance

Our Edinburgh Parks site in South Australia this year achieved Gold AWS certification. Four Ingham's sites across Australia and New Zealand are now certified to the AWS standard.

Our water usage is becoming more efficient with our water intensity per tonne of product reducing by 2.2% against FY21 and 6.2% against FY19.

WATER (KL PER TONNE)



WATER REDUCTION AT TAHMOOR TURKEY PRIMARY PROCESSING

This year, our Tahmoor site undertook a project to improve water management. The first stage involved conducting a water leak audit across the site by our Maintenance and Operations teams, who identified and addressed these issues. We introduced dry cleaning at the end of shift in production areas, which is now mandatory before cleaning with a hose. Good cleaning practices were established, ensuring our cleaning operations were performed consistently. We made machinery improvements, such as replacing the picker and plucker sprayers with a fit-for-purpose spray jet nozzle, leading to water savings. We also removed an excess wash process where it was found to have no significant impact on quality, eliminating significant water wastage. Finally, we installed pipework to recycle the final wash water. This saves approximately 70,000 litres per production day. The recycled water is used in the truck wash area.

As a result of these initiatives, water usage on site reduced significantly. Water intensity reduced by 22% against the prior year, and total water usage was down 16%. We have reduced the total trade waste volume discharged to the municipal treatment facility by 40%, which resulted in an annual cost saving of $140,000.

THOMASTOWN TEAM'S WASTE REDUCTION

The team at Thomastown have focused on reducing waste over the last year. They installed a waste compactor for plastic liners that can be recycled. Waste segregation has been implemented to ensure maximum diversion from landfill. Organic waste is now separated at source and collected in a separate stream, and wooden pallets are recycled. Dedicated bins are provided throughout the site for cardboard to avoid contamination. The project also involved shifting employee mindsets to ensure the effective segregation of waste. Using the 5S continuous improvement methodology – sort, set in order, shine, standardise and sustain – bins have been labelled with photographs to clearly identify the types of waste to be separated at source. We engaged our people through Toolbox Talks delivered to all teams on site and gathered ideas from the shopfloor on how we can reduce the waste volumes going to landfill. The site has reduced its waste volume and associated greenhouse gas emissions by 17% (54TCO_2e) from the previous year. Everyone at the Thomastown site understands why we are doing this, and their active participation has made it possible to achieve these results.

Waste

We work to minimise waste in landfill, eliminate food waste and maximise recycling. Reducing waste to landfill is also important to reduce our greenhouse gas footprint.

Our commitments

- Reduce waste sent to landfill intensity by 20% by 2030 against an FY20 baseline.

Our approach

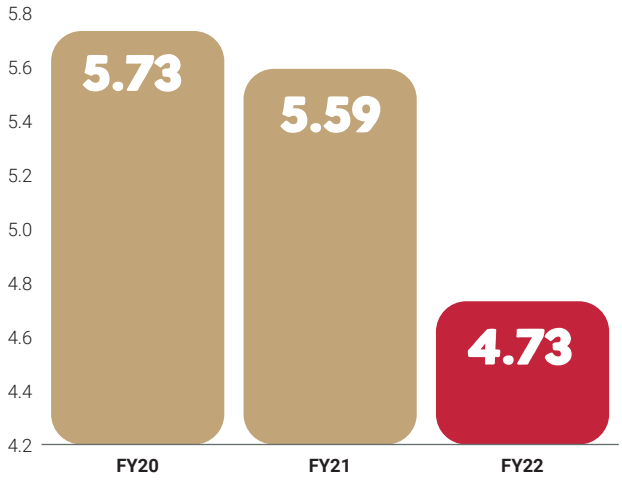
We measure waste generated at site, and monitor performance monthly through Ingham's Planet Reporting App. We are working on a waste strategy with our procurement team to review contracts and work collaboratively with service providers to reduce waste and maximise recycling.

To reduce food waste, we have signed a national partnership with Foodbank Australia to donate food. You can read more about this in the 'Community engagement' section on page 30.

Our performance

This year, our Landfill Waste intensity (kg/T) reduced by 15.3% against FY21 and 17.4% against FY20.

LANDFILL WASTE GENERATION (KG PER TONNE)



INCREASING RECYCLED CONTENT IN OUR WAITOA BAGS

This year, we increased the recycled content in our Waitoa Free Range Butterflied Chicken bags to 80%. We are the first New Zealand meat company to use this new recycled co-extruded film. These packaging improvements avoid using 10 tonnes of virgin plastic per year on Waitoa's two product lines. We also plan to introduce this material across other product lines in the future.
We estimate this will save an additional 10-15 tonnes of virgin plastic per annum. The packaging won Gold in the 2022 New Zealand Pride in Print Awards for 'Packaging Product Innovation' and 'Environmental Innovation'. It was also announced as Gold award winner in Australian Institute of Packaging[1] 2022 Save Food Packaging Design of the Year Award. Our next steps are to use this film on our inner bags for our Waitoa Let's Eat, and Ingham's boxed further processing range.

Sustainable packaging

Packaging is important to food safety and security and we are committed to reducing its environmental impact by improving the recyclability and increasing recycled content in our packaging.

Our commitments

2025 PACKAGING TARGETS	INGHAM'S PROGRESS IN FY22
100% reusable, recyclable or compostable packaging	>90%
50% average recycled content included in packaging	>30%

(1) http://aipack.com.au/winners-announced-for-2022-australasian-packaging-innovation-design-pida-awards/

Our approach

We are committed to improving the sustainability of our packaging and have set 2025 targets that align with the ambition of the Australian Packaging Covenant, of which we are a Signatory. We are reviewing opportunities to transition the remaining <10% of our packaging portfolio to recyclable formats.

Our performance

We continue to support the development of soft plastic recycling. Our Australian business has joined the REDCycle program, which funds soft plastic recycling in Australia. Our New Zealand business has been part of the NZ Soft Plastic Recycling Programme since 2021. Our memberships ensure the soft plastic recycling industry in Australia and New Zealand is funded and continues to operate. This allows consumers to collect and return their used soft plastics to be recycled into other useful materials, such as outdoor furniture, floor mats, and car park wheel stops while keeping these resources from becoming unwanted waste in our environment or landfill.

TAKING A STEP FORWARD ON TCFD

We are one of the largest integrated protein producers across Australia and New Zealand, providing chicken, turkey, and plant-based protein products to major retail, quick service restaurants, foodservice distributors, and wholesalers. We are also one of the largest producers of stockfeed in Australia. To do this, we rely on healthy ecosystems and are acutely aware of the need to understand and mitigate climate risk to continue nourishing communities with fresh, high-quality, affordable and convenient food.

As an Australian Securities Exchange (ASX) listed company, we have already taken great strides to understand, manage and mitigate our exposure to physical and transition climate risks. We are now building a systematic approach to routine risk disclosure reporting in alignment with the Taskforce for Climate-Related Financial Disclosures (TCFD) recommendations.

In the 2021 Sustainability Report, we disclosed our climate-related risks and opportunities in alignment with the TCFD for the first time. We also made a commitment to deliver on phase two of Ingham's TCFD roadmap. Phase two was to describe our material climate-related risks and opportunities and to evaluate these using a scenario analysis. This year, we followed through with that commitment, undertaking a series of workshops to identify the key physical risks, transition risks and opportunities facing us now and into the future. See our updated approach to working towards TCFD aligned disclosure below, followed by a description of our material climate-related risks and opportunities.

Delivery against the TCFD recommendations

TCFD recommendations	Our updated approach
	GOVERNANCE
The Board's oversight of climate-related risks and opportunities	Oversight of sustainability and climate-related risks and opportunities is provided by Ingham's Board and its Risk and Sustainability Committee (RSC). The Board RSC is responsible for identifying and managing material and emerging risks at Ingham's, including economic, health, safety, quality, environmental, social, sustainability and governance risks. The Board RSC meets quarterly to fulfil its role and responsibilities. Refer to 'Governing for sustainable outcomes' section on page 24 of this report for additional details.
Management's role in assessing and managing climate-related risks and opportunities	Assessing and managing climate-related risks and opportunities is performed by the Executive Leadership Team (ELT) Risk Assurance & Compliance (RAC) Committee on a quarterly basis. Specific Risk Assurance & Compliance meetings at the functional level are conducted by Operations, Agribusiness and New Zealand on a quarterly basis. The tools used to manage and monitor progress against climate risk actions include: • Scope 1 and 2 GHG emissions monitoring through a web-based portal, Envizi; • Monthly reporting of Scope 1 and 2 GHG emissions, landfill waste as well as energy and water usage; • Sustainability Action Plan – includes progress on site-specific targets and areas such as GHG, water, energy and waste; • Business Continuity Plans; and • Environmental incident reporting – used by site teams and systems to respond to emergency issues, including climate-related impacts/events. Key areas of underperformance and risk are escalated to the Board RSC under its remit to measure, manage and mitigate climate-related risks. Refer to 'Governing for sustainable outcomes' section on page 24 of this report for additional details.
	STRATEGY
Impacts of climate-related risks (opportunities and threats) on organisation's businesses, strategy and financial planning	A series of workshops were held with managers representing all operating units. They identified enterprise-level material climate risks and opportunities, which will be explored and integrated into the enterprise risk management framework, the strategic planning cycle and forward year CAPEX budgets (see 'Risks and Opportunities' below).
Resilience of organisation's strategy, taking into account different climate scenarios, including 2-degree scenario or lower	The aforementioned workshops were also used to explore the organisation's resilience to an extreme climate stress test scenario set in 2035. The stress test used extreme physical climate parameters to explore the Company's vulnerability to amplifying climate extremes such as drought, heatwaves and sea level rise. It also used a carbon price of $150 per tonne for Scope 1 and 2 emissions to highlight transition risks and potential financial consequences. The exercise highlighted areas of vulnerability which are now priority opportunities for Ingham's to explore and action (see 'Risks and Opportunities' below).

TCFD recommendations	Our updated approach
	RISK MANAGEMENT
Processes for identifying and assessing climate-related risks	Our Board and Board RSC have ultimate responsibility for the organisation's climate-related risk management identification and strategy and liaise on relevant matters with the Finance and Audit Committee (FAC) and People and Remuneration Committee (PRC). In line with our phased TCFD roadmap, we completed a series of workshops with a third-party sustainability consultant to identify the impacts of climate-related risks and to assess our resilience under an extreme climate stress test scenario for physical and transition risks. We also maintain a Life Cycle Assessment for our business which is used to inform our GHG emission reduction strategy. Refer to 'Risks and Opportunities' below for further details. We will update any additional actions related to physical and transition climate-related risks in line with our phased TCFD roadmap outlined in the 2021 Sustainability Report, available on our website.
Processes for managing climate-related risks	Our sustainability materiality assessment informs on the key environmental parameters impacting our business. Our sustainability framework outlines commitments aimed at achieving our sustainability goals and managing climate-related risk. Climate-related risks and mitigation measures are included in our Enterprise Risk Report. Enterprise level and site-specific Business Continuity Plans (BCP) have been developed for our organisation to respond to climate-related events. The BCP were activated at specific Ingham's sites as a result of the recent extreme rainfall and flooding events impacting Australia. For selected material climate-related risks, a 'deep dive' into risks and mitigation measures is completed and presented to the Board RSC. This has been completed for potential water scarcity issues across Australia and New Zealand.
How processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management	Climate-related risks are incorporated into the enterprise risk management framework as core risks to the business. Climate risks are managed in an integrated manner across the enterprise. The Ingham's Board set the risk appetite for the organisation, oversee the risk management framework, and satisfy itself that the framework is sound. The Board and the Board RSC assess the influence of climate change on our operations and the effectiveness of climate risk mitigation measures. The Executive Leadership Team (ELT) Risk Assurance & Compliance (RAC) Committee and Risk Assurance & Compliance meetings at the functional level are in place to assess and manage climate-related risks. Key areas of underperformance and risk are escalated to the Board RSC. Refer to 'Governing for sustainable outcomes' section on page 24 of this report for additional details.

TCFD recommendations	Our updated approach
	METRICS AND TARGETS
Metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process	Our sustainability materiality assessment informs on the key environmental parameters impacting our business. Our sustainability framework outlines commitments aimed at achieving our sustainability goals and managing climate-related risk. The key metrics measured and reported are water usage (kL), energy usage (kWh and GJ), greenhouse gas emissions (tCO_2-e) and waste (tonnes). Normalisation to metrics per tonne of production is used as an industry standard and for uniform comparison across metrics. Our operational vulnerability to physical climate-related changes are measured using the following metrics: • animal welfare incident reporting; and • drought-related supply chain risk (feed supply) and financial impact considerations. The metrics tracked by Ingham's are aligned with the sustainability related risks detailed in our Enterprise Risk Report. Refer to the 'Planet' section of this report for additional information.
Scope 1, 2 and 3 greenhouse gas (GHG) emissions and related risks	Ingham's committed to Science Based Targets (SBT) covering our Company-wide Scope 1, Scope 2 and Scope 3 GHG emissions in September 2021. We are currently in the development and validation phase of the SBT setting process. We are developing commitments to reduce our GHG emissions and are considering renewable energy sources as well as alternate protein meals with lower GHG emission potential for use in our poultry feed.
Targets used by the organisation to manage climate-related risks and opportunities and performance against targets	Additional to our SBT goals, Ingham's have committed to Company-wide water and landfill waste targets. Our commitments include the following reduction targets by 2030: • reduce Scope 1 & Scope 2 absolute GHG emissions by 43%[1] against a FY19 baseline; • develop Scope 3 GHG emissions SBT against FY19 baseline; • reduce operational water usage intensity (kL/T) by 20% against an FY19 baseline; and • reduce landfill waste intensity (kg/T) by 20% against a FY20 baseline. Our performance against these targets: • reduced FY22 absolute Scope 1 and Scope 2 GHG emissions (tCO_2-e) by 6.8% against FY19; • reduced water use intensity from 2.93 kL/T in FY19 to 2.74 kL/T in FY22 (6.2% reduction); and • reduced landfill waste intensity from 5.73 kg/T in FY20 to 4.73% kg/T in FY22 (17.4% reduction). Planet KPIs for GHG, energy, water and landfill waste are published monthly, and performance is assessed against a baseline. We have developed and maintain a Life Cycle Assessment for our business, which is used to inform our GHG emission reduction strategy.

(1) Under development for disclosure in FY24.

Risks and opportunities

Physical risks were identified through the lens of extreme climate events that have already occurred, and that are projected to occur under a challenging, yet plausible, future climate scenario.

The key physical risks identified were:

- international extreme climate events (particularly drought in South America where feedstock is sourced), drought and rainfall decline in Australia and New Zealand;
- the direct and indirect impacts of fire, extreme heat inducing heat stress of our people and animals; and
- the projected increase in the frequency and intensity of storms, floods, hail and power outages.

The key transition risks identified were:

- significant likelihood of disruptions to supply chains and increasing costs of procurement. This is particularly relevant for feedstock where growing regions will likely face greater physical climate impacts which could be compounded by other factors such as international conflicts, inflation, transport logistics, and fertiliser shortages;
- increasing environmental regulation and the potential implementation of further environmental controls such as carbon pricing; and
- changing customer preferences and increasing demand for plant-based proteins. Customers are becoming more environmentally conscious and turning away from emissions intensive industries.

While these risks present a challenge to us, they also provide an opportunity for us to further transform to a more resilient and environmentally conscious organisation. We've identified several opportunities to be pursued before 2030, including the year when these opportunities will begin to be explored, and several longer-term opportunities to be considered for implementation after 2030.

WHILE RISKS CHALLENGE US, THEY ALSO PROVIDE AN *opportunity* TO FURTHER TRANSFORM TO A **MORE RESILIENT AND ENVIRONMENTALLY CONSCIOUS ORGANISATION**.

TCFD ALIGNED OPPORTUNITIES TO EXPLORE BEFORE 2030

COMMENCE EXPLORING

FY23

ALTERNATIVE FEEDSTOCK

Local climate resilient feedstock of protein meals to offset soymeal importation and reduce supply chain risks and environmental impacts.

FY23

CIRCULAR ECONOMY FOR INTERNAL SUPPLY CHAINS

Circular economy, and waste and water recycling to establish local and potentially on-site internal supply chains which reduce costs, increase climate resilience, increase environmental performance, increase reliability, and reduce waste.

FY23

MORE RESILIENT ASSETS

New strategically located custom built assets with lower risk and cost profiles. These new assets would reduce physical climate exposure, reduce exposure to increasingly dense urban populations, reduce insurance costs, reduce running costs, and increase environmental performance. New custom designed assets could integrate energy generation, energy storage, water harvesting and water recycling to enhance economic and environmental performance.

FY23

ON-SITE RENEWABLE ENERGY

On-site renewable energy generation and cogeneration to reduce exposure to both increasing energy costs and future pricing of emissions.

NEXT STEPS

Where we're heading

This upcoming financial year will require us to challenge ourselves to make necessary changes, invest in the work required and continue to collaborate with our partners and customers. With the ambition to lead on sustainable protein and help consumers make good choices, we will be introducing initiatives that help us demonstrate our leadership approach, including:

1

FLAGSHIP INITIATIVES:

As part of our 2030 sustainability roadmap, we will be exploring flagship initiatives that enable us to make a positive difference on global issues.

2

TRANSFORMATION PLAN:

On our journey to making sustainability a part of how we at Ingham's think, talk, act and measure success, we will be implementing clear guidance on sustainability, tailored to our different teams. Our aim is to make sustainability understandable and actionable through clear actions that help our teams achieve our sustainability commitments.

3

TCFD ROADMAP:

We will progress our reporting against the Task Force on Climate-Related Financial Disclosures (TCFD) in line with our phased TCFD roadmap outlined in the 2021 Sustainability Report.

GET INVOLVED

Stay up to date on our progress by visiting our website's sustainability page at: inghams.com.au/our-purpose/sustainability

Contact us directly via our website at: inghams.com.au/contact-us

FY26

ALTERNATIVE ANIMAL TRANSPORT

Alternative animal transport technologies, including climate-controlled carriers, to mitigate heat stress impacts to livestock, improve animal welfare, and reduce physical climate risk profiles.

FY25

INGHAM'S ESG PRESERVED CAPITAL FUND

We will explore an Ingham's ESG preserved capital fund to accelerate the implementation of transition initiatives and reduce future risk profiles.

FY27

DECARBONISATION AND ELECTRIFICATION

Decarbonisation and electrification to internally utilise electricity generated on-site and reduce future energy and emissions costs.

ON-GOING

NEW MARKETS

Diversification and new markets to build resilience and enhance the brand with an increasing array of plant-based and hybrid protein products which are low carbon, low impact and low cost economic and environmental performance.

TCFD ALIGNED OPPORTUNITIES TO EXPLORE AFTER 2030

BIOTECHNOLOGY

Innovation focussed on biotechnology and cell cultured meat (research and development).

LOCAL SUPPLY CHAINS

Decarbonised and climate resilient local supply chains.

CHANGE IN CONSUMER PREFERENCES

Change in consumer preferences and a willingness to pay more for low CO_2 and low environmental impact produce.

DECENTRALISED ENERGY GENERATION

Shift toward decentralised energy generation and low to no emission energy sources.

BOARD OF DIRECTORS

PETER BUSH

Chair

Bachelor of Arts, Fellow of the Australian Marketing Institute

Board Chair and Chair of the Nominations Committee

Peter has had a long and successful career in the fast-moving consumer goods (FMCG) industry, holding senior roles with Ampol/Caltex, Arnott's, Reckitt and Coleman, and SC Johnson. He was also formerly Chief Executive Officer of AGB McNair, McDonald's Australia and Schwarzkopf. Peter ran his own strategic consultancy business for six years with clients including George Patterson Bates, John Singleton Advertising, McDonald's Australia, Qantas and Telstra. He has also previously served as Chair of Mantra Group Limited, Nine Entertainment Holdings Limited, Pacific Brands Limited and Southern Cross Media Group Limited, and as a director of Insurance Australia Group Limited.

ANDREW REEVES

Chief Executive Officer and Managing Director

Bachelor of Arts (Economics), Advanced Management Program – Harvard Business School

Andrew was appointed Chief Executive Officer and Managing Director of Ingham's on 29 March 2021. Andrew has more than 40 years' experience in leadership and governance roles across the food and beverage and agribusiness industries in Australia and internationally. From 2019 to 2021, Andrew was a Non-Executive Director on the Inghams Group Limited Board and was a member of the Board's Finance & Audit Committee and Risk & Sustainability Committee. He is currently an Independent Non-Executive Director of Keytone Dairy Corporation Limited and was previously the Chief Executive Officer of George Weston Foods, Managing Director and Executive Director of Lion Nathan Limited, Managing Director Australia of Coca-Cola Amatil Limited and Managing Director of The Smith's Snack Food Company.

ROB GORDON

Non-Executive Director

Bachelor of Science (Honours), Chartered Engineer, Member of the Australian Institute of Company Directors

Member of the Finance & Audit Committee

Rob has nearly 40 years' experience in the FMCG and agribusiness sectors. This includes over 20 years in Chief Executive Officer and Managing Director roles for companies including Dairy Farmers Limited, Goodman Fielder Limited (Meadow Lea and Consumer Goods divisions) and Viterra Inc. Rob is currently the Chief Executive Officer and a Director of Ricegrowers Limited, and a member of the Rabobank Agribusiness Advisory Board. He has also served as a Non-Executive Deputy Chair of the Australian Food and Grocery Council and a member of Gresham Private Equity Advisory Board.

* Board Committee memberships are as at 30 June 2022. Following Peter Bush's retirement and Helen Nash's appointment as Chair, updated Board Committee memberships for Directors are available at inghams.com.au

MICHAEL IHLEIN

Non-Executive Director

Bachelor of Business (Accounting), Fellow of the Australian Institute of Company Directors, Fellow of Certified Practising Accountants, Fellow of the Financial Services Institute of Australasia, Member of the Financial Executives Institute of Australia

Chair of the Finance & Audit Committee, Member of the People & Remuneration Committee, Member of the Risk & Sustainability Committee

Michael has significant experience across FMCG and supply chain logistics companies. He held senior roles at Coca-Cola Amatil Limited, including Executive Director and Chief Financial Officer, as well as Managing Director, Coca-Cola Amatil Poland. Subsequently, he was Executive Director and Chief Financial Officer at Brambles Limited prior to becoming Chief Executive Officer until his retirement. Michael also serves on the Boards of Ampol Limited, Scentre Group Limited and the not-for-profit mentoring organisation Kilfinan Australia. He was formerly a Non-Executive Director of CSR Limited.

JACKIE MCARTHUR

Non-Executive Director

Bachelor of Engineering (Aeronautical)

Chair of the Risk & Sustainability Committee, Member of the People & Remuneration Committee and Member of the Nominations Committee

Jackie has more than 20 years' experience in supply chain and logistics roles globally. She was most recently the Managing Director ANZ for the Martin Brower Company, a global logistics solutions provider for quick service restaurants. Prior to that, Jackie was the McDonald's Vice President Supply Chain for Asia, Pacific, Middle East, and Africa having also had roles in McDonald's Australia as Senior Vice President Chief Restaurant Support Officer and Vice President Supply Chain Director. Jackie is an Independent Non-Executive Director on the boards of Qube Holdings Limited and Tassal Group Limited. She was formerly a Non-Executive Director of InvoCare Limited and Blackmores Limited.

HELEN NASH

Non-Executive Director

Bachelor of Arts (Hons), Graduate of the Australian Institute of Company Directors

Chair of the People & Remuneration Committee, Member of the Nominations Committee

Helen started her career in finance and is CIMA trained (Certified Institute of Management Accountancy). Following the completion of these professional exams she transitioned to a marketing career which spanned more than 20 years and three industries: consumer-packaged goods, publishing and media and quick service restaurants. Her most senior role was as Senior Vice President/Chief Marketing Officer for McDonald's Australia and New Zealand. She then took on further strategic, commercial and operational responsibility for the business as Chief Operating Officer for McDonald's Australia. Helen is currently an Independent Non-Executive Director of Metcash Limited and Southern Cross Media Limited. She was formerly a Non-Executive Director of Blackmores Limited and Pacific Brands Limited.

BOARD OF DIRECTORS

LINDA BARDO NICHOLLS AO

Non-Executive Director

Bachelor of Arts (Economics), Master of Business Administration, Life Fellow of the Australian Institute of Company Directors

Member of the Finance & Audit Committee, Member of the People & Remuneration Committee, Member of the Risk & Sustainability Committee, and Member of the Nominations Committee

Linda has more than 30 years' experience as a senior executive and director in banking, insurance and funds management in Australia, New Zealand, and the United States. She is currently a Chair of Melbourne Health and director of Medibank Private Limited and serves on the Board of Museums Victoria. She has previously served as a Chair and director on the boards of Japara Healthcare Limited and other major Australian listed companies, including Fairfax Limited.

TIMOTHY LONGSTAFF

Non-Executive Director

Bachelor of Economics, Fellow of the Institute of Chartered Accountants in Australia and New Zealand, Fellow of the Financial Services Institute of Australia, and Graduate of the Australian Institute of Company Directors

Member of the Risk & Sustainability Committee, Member of the Finance & Audit Committee

Timothy had a 25-year career in investment banking, with many years in Managing Director and senior executive roles at top-tier global investment banking firms, where he advised the Boards and CEOs of leading Australian and international companies on transformational strategic mergers and acquisitions, and capital markets transactions. More recently, Timothy served as Senior Advisor to the Federal Minister for Finance and Leader of the Government in the Senate, and the Federal Minister for Trade, Tourism, and Investment. Timothy is also a non-executive Director of Perenti Global, The George Institute for Global Health and Snowy Hydro Limited. He is a Member of Takeovers Panel.

ROBYN STUBBS

Non-Executive Director

Master of Science, Bachelor of Business, Graduate of the Australian Institute of Company Directors

Member of the People & Remuneration Committee

Robyn is a board director and executive coach working across the commercial and government sectors. Drawing on a successful 25+ year career as a senior executive in large, complex organisations, Robyn is on the Board of ASX-listed Brickworks Limited and HMC Funds Management Limited and was previously a member of the board of Aventus and InvoCare. Robyn also provides executive coaching services to a diverse range of corporate clients via Stephenson Mansell Group. With her experience on board committees at Aventus, Brickworks and InvoCare, Robyn brings strong board level perspective on culture and people as well as remuneration. She also brings great knowledge in customer behaviour, marketing and digitisation.

SENIOR MANAGEMENT

ANDREW REEVES

Chief Executive Officer and Managing Director

Refer to the Board of Directors section.

GARY MALLETT

Chief Financial Officer

Chartered Accountant, Bachelor of Business (Accounting)

Gary joined Ingham's in 2019. He is responsible for the Company's financial and management reporting, treasury, investor relations, integrated business planning and information technology.

Gary has more than 30 years' experience in various senior finance roles with ASX-listed companies, including Brambles Limited and Origin Energy Limited. Before joining Ingham's, he was Chief Financial Officer at Senex Energy Limited. He also serves as Secretary and Director on several Inghams Group Limited subsidiary companies.

EDWARD ALEXANDER

Chief Executive, New Zealand

Bachelor of Commerce (Economics, Finance)

Ed joined Ingham's in 2015 and was promoted to Chief Strategy Officer in 2020 and Chief Executive, New Zealand, effective 1 June 2022. He is responsible for leading the New Zealand business across all operations, sales, marketing and support services.

Ed's experience in the Company includes sales, corporate development, strategy, integrated business planning, and commercial optimisation. He has over 10 years' experience in corporate strategy, change management and sales and operations planning through his previous positions at Aon Risk Solutions and Ernst & Young.

Note: Jonathan Gray was Chief Executive, New Zealand from 1 November 2018 to 1 July 2022. Jonathan worked closely with Ed to ensure a smooth transition and handover of the role.

SENIOR MANAGEMENT

SEB BRANDT

Chief Marketing Officer

Bachelor of Economics/ Marketing and Business Statistics

Seb joined Ingham's in 2019. He is responsible for consumer and shopper insights, product development and marketing across chicken and turkey in Australia.

Seb has more than 20 years of marketing and brand-building experience in the food and beverage, quick service restaurant and retail categories, having previously worked at CUB, McDonald's, PepsiCo and Red Bull. His skills and passion lie in creating new business and winning new consumers via innovation, brand building, entering new categories and instilling an innovation mindset at all levels of the organisation.

GRANT KERSWELL

Chief People Officer

Bachelor of Business (Human Resource Management), Master of Business Administration

Grant joined Ingham's in 2019. He provides strategic advice and support in the areas of people, culture and communications. This includes organisational and capability development, wellbeing, remuneration, workplace relations and people systems.

Grant brings more than 25 years' leadership experience in the human resources function from previous leadership roles at organisations including Arnott's Biscuits, Broadspectrum, Coca-Cola Amatil and the Seven Network.

ART LANKFORD

Chief Agribusiness Officer

Bachelor of Science

Art joined Ingham's in 2019 and was appointed Chief Agribusiness Officer in March 2022. He is responsible for leading Ingham's Australian chicken farming, feedmill, procurement, commodities, export feed sales, by-products, animal welfare and veterinary services.

Art brings more than 37 years' experience in the global poultry industry. His previous Ingham's roles include General Manager – Farming and Feedmill and General Manager – Primary Processing. Before joining Ingham's, Art worked at Pilgrim's in the United States as a Complex Manager at Marshville, directly responsible for processing, feedmill, hatchery and live production. Before that, he worked for ConAgra Poultry, Cargill and Tyson Foods.

DAVID MATTHEWS

Chief Corporate Officer

Bachelor of Economics, Bachelor of Laws

David joined Ingham's in 2015. He is responsible for legal, property, mergers and acquisitions, board and company secretarial, government relations and public relations.

David is an experienced senior executive with more than 30 years' experience in large listed fast-moving consumer goods, food and agribusiness companies. These include Arnott's Biscuits, Campbell Soup and Fonterra Co-operative Group. He managed several corporate functions in those roles, including legal and secretariat, property, policy, risk, international trade strategy, government affairs and public relations. Before working in corporate, David was a corporate, commercial and finance lawyer with international law firms in Australia and the UK.

ANNE-MARIE MOONEY

Chief Operations Officer

Bachelor of Commerce

Anne-Marie joined Ingham's in 2018 and was appointed Chief Operations Officer in March 2022. She is responsible for all aspects of Ingham's Australian chicken and turkey operations and is the Executive Lead for sustainability.

Anne-Marie's experience in the Company includes executive responsibility for agricultural operations, including the management of commodity procurement for Australia and New Zealand. She has over 25 years' experience across the energy and agricultural sectors in roles spanning risk, strategy, transformation, commercial sales and operations. She is also an experienced senior executive holding prior positions at Eraring Energy and Ridley Corporation Ltd.

MARK POWELL

Chief Customer Officer

Bachelor of Commerce, Master of Business Administration, Chartered Accountant, Graduate of the Institute of Company Directors

Mark joined Ingham's in 2021. He is responsible for managing our customer relationships.

Mark has more than 25 years' experience in the fast-moving consumer goods industry. In previous roles, he led cultural change to build high-performing sales teams, achieved consistent sales, share and profit growth with major customers and developed and executed strategic plans. Before joining Ingham's, Mark held senior leadership roles with Coca-Cola Amatil, Lion Nathan and PricewaterhouseCoopers.

CORPORATE GOVERNANCE STATEMENT

This statement summarises the Corporate Governance framework, policies and practices of Inghams Group Limited (ACN 162 709 506) ('Ingham's' or 'the Company') for the financial year ended on 25 June 2022 ('reporting period') in accordance with the 4th edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (ASX Recommendations). Ingham's Board has approved this Corporate Governance Statement.

Ingham's Board and Committee Charters and the key Corporate Governance policies referred to in this statement are available in the Investor Centre (Corporate Governance tab) of the Company website: https://investors.inghams.com.au/Investor – Centre/Governance.html?page=corporate-governance

THE *Company* IS COMMITTED TO ACT WITH **HONESTY, INTEGRITY AND ETHICALLY** IN ALL ITS DEALINGS.

PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

Board Responsibilities

The Board is responsible for the overall governance of Ingham's, including overseeing and appraising the Company's strategies, policies, performance, and reporting to shareholders. In accordance with the Board Charter, the Board sets, reviews and monitors compliance with the Company's values, strategies, policies and performance, and ensures that shareholders are kept informed of the Group's performance and any major developments affecting its state of affairs.

The Company's purpose and values form the basis of Ingham's culture and are disclosed on the Company website. The Board Charter sets out the Board's role, powers and duties and establishes the functions reserved for the Board and those delegated to management. The Charter is available on the Company website: https://investors.inghams.com.au/Investor – Centre/Governance.html?page=corporate-governance

The Board's responsibilities as set out in the Board Charter include:

- selecting, appointing and evaluating from time to time the performance of, determining the remuneration of, and planning succession of the Chief Executive Officer and Managing Director (CEO/MD);
- contributing to and approving management's development of corporate strategy, setting performance objectives and approving operating budgets;
- reviewing, ratifying and monitoring systems of risk management and internal control, and ethical and legal compliance;
- monitoring corporate performance and implementation of strategy and policy;
- approving major capital expenditure, acquisitions and divestitures, and monitoring capital management;
- monitoring and reviewing management processes aimed at ensuring the integrity of financial and other reporting; and
- developing and reviewing corporate governance principles and policies.

The Board delegates authority to the CEO/MD for the day-to-day operations of the Company, its subsidiaries and their respective operations. The Company Secretary is accountable to the Board through the Chair for the proper functioning of the Board.

Board Reviews and Appointments

The Board regularly reviews the performance and effectiveness of the Board, its committees and individual directors. This is done to ensure individual directors, Board committees, and the Board as a whole work effectively in meeting their responsibilities.

The Company has written agreements in place with its directors setting out the terms of their appointment. Before the appointment of a new director, the Company arranges for appropriate checks to be undertaken relevant to a decision on whether to elect a director. Material information relevant to each director's qualifications and experience is disclosed to securityholders through a number of channels, including via the Notice of Meeting, and the directors' resumés and other information in this report.

During the reporting period, Mrs Robyn Stubbs and Mr Timothy Longstaff were appointed as Non-Executive Directors, effective 20 January 2022, as announced to the Australian Securities Exchange (ASX). Mrs Stubbs was also appointed to the People & Remuneration Committee and Mr Longstaff was appointed to the Risk & Sustainability Committee and to the Finance & Audit Committee during the reporting period.

Inclusion and Diversity

The Company has an Inclusion and Diversity Policy, which includes a requirement that the Board sets measurable objectives for diversity, including gender diversity. The Company's current targets for gender diversity are that women should comprise at least 30% (in aggregate) of the Board and senior leaders within Ingham's management. The measurable objective with respect to the Board meets the recommendations applying to Ingham's as an S&P/ASX 300 company under the 4th edition of the ASX Recommendations.

During the reporting period, women comprised four of the nine directors on the Board (44%). Women generally comprise up to 28% of senior leaders at Ingham's and 41% of our people across Australia and New Zealand. As a 'relevant employer' under the Workplace Gender Equality Act 2012, the Company submitted its annual filing to the Workplace Gender Equality Agency (WGEA) by 11 August 2022 for the 12-month period ending 31 March 2022, which will disclose its current Gender Equality Indicators. When published, the report can be accessed in accordance with the 4th edition of the ASX Recommendations at: https://data.wgea.gov.au/organisations/464.

The Company continues to be committed to be a workplace that encourages inclusion and diversity.

Executive responsibilities and reviews

Each member of the Executive Leadership Team, including the CEO/MD, has a written service agreement that clearly sets out their role and responsibilities. The goals and objectives of the Executive Leadership Team are aligned with Ingham's strategic objectives. The performance of each member of Ingham's Executive Leadership Team is evaluated during the reporting period. The performance of the CEO/MD is reviewed by the Board and the Chair.

The Company undertakes appropriate background checks on Executive Leaders before appointment. Details of the experience of the Executive Leadership Team are set out in this report.

PRINCIPLE 2 – STRUCTURE THE BOARD TO ADD VALUE

The Board currently comprises eight independent Non-Executive Directors and one Executive Director (being the CEO/MD). The Chair of the Board, Peter Bush, is an independent Non-Executive Director.

The Board seeks directors with an appropriate range of skills, knowledge, experience, independence and diversity to deal with current and emerging business issues. The table below summarises the key skills of the existing directors and forms the basis of the skills matrix against which existing Non-Executive Directors are assessed, to ensure that the skills and experience of the Board reflect the various areas relevant to Ingham's core capabilities and strategic objectives.

Details of the experience, qualifications and length of service of current directors are set out on pages 56 to 58, 64 and 68 of this report.

Independence of directors

The Board only considers a director to be independent where they are free of any interest, position, association or relationship that might influence, or might reasonably be perceived to influence, in a material respect, their capacity to bring independent judgment to bear on issues before the Board and to act in the best interests of Ingham's and its shareholders generally. The Company's Board Charter sets out guidelines for the purpose of determining independence of directors in accordance with the ASX Recommendations and has adopted a definition of independence based on the ASX Recommendations. The Board will consider the materiality of any given interest, position, association or relationship on a case-by-case basis and reviews each director's independence in light of interests disclosed to the Board from time to time. During the reporting period, the Board considered that each of Peter Bush (Chair), Robert Gordon, Michael Ihlein, Timothy Longstaff, Jackie McArthur, Helen Nash[1], Linda Bardo Nicholls AO and Robyn Stubbs were free from any business or any other relationship that could materially interfere with, or reasonably be perceived to interfere with, the independent exercise of their respective judgment as directors, and were able to fulfil the role of an independent director for the purposes of the 4th edition of the ASX Recommendations.

Nomination Committee and Board education and succession

The Board's Nomination Committee during the reporting period was comprised of four Non-Executive Directors, Peter Bush (Chair), Jackie McArthur, Helen Nash and Linda Bardo Nicholls AO, all of whom are independent directors. Jackie McArthur was appointed as a member of the Committee on 19 August 2021. The roles, responsibilities, composition and structure of the Nomination Committee are set out in the Nomination Committee Charter available on the Company website.

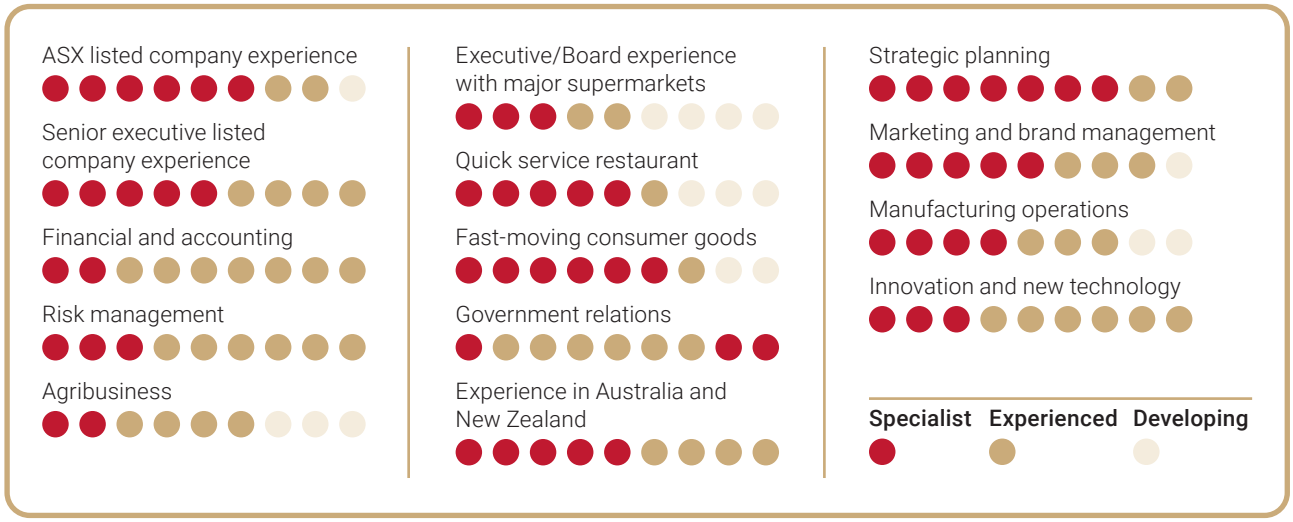
(1) Helen Nash is also a Director of Metcash Limited, which is a customer of the Company and therefore a factor relevant to assessing independence. The Board has considered this relationship, and because the Company's dealings with Metcash are not material to Ingham's sales volume, revenue or overall results, the Board is of the opinion that this role does not compromise the independence of Helen Nash.

The Nomination Committee assists the Board with the selection and appointment of directors. The Committee met on a number of occasions during the reporting period, including with other directors, including to consider the appointment of Robyn Stubbs and Timothy Longstaff and to consider the Chair transition (with Peter Bush and Helen Nash recusing themselves from decisions in which they had a personal interest). The number of times the Nomination Committee met throughout the reporting period and individual attendance is set out elsewhere in this report.

The Board has a program for inducting new directors and considers ongoing professional development for directors to maintain the skills and knowledge needed to perform their roles effectively.

The Board will continue to review its composition with a view to enhancing its base of skills and experience, and to develop succession plans to maintain an appropriate balance of skills, knowledge, experience, independence and diversity on the Board.

Skills and experience



Gender diversity

- Men
- Women

Tenure

- 0–2 Years
- 2–4 Years
- 4+ Years

Tertiary qualifications

- Science and Engineering
- Business MBA
- Accounting and Finance
- Commerce and Marketing

PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY

The Company is committed to act with honesty, integrity and ethically in all its dealings. It has adopted a Code of Conduct that underpins the Company's commitments, ethical standards and policies. It also outlines the standards of conduct expected of Ingham's business and people, taking into account the Company's legal and other obligations to its stakeholders.

The Company has an Anti-Bribery and Anti-Corruption Policy and a Whistleblower Policy. These policies outline the Company's commitment to prevent fraud, bribery and corruption and provides a mechanism for individuals to report concerns regarding potentially improper practices or behaviours. The Board is advised of all material breaches of those policies and the Code of Conduct.

Copies of these policies are available on the Company website: https://investors.inghams.com.au/Investor – Centre/Governance.html?page=corporate-governance

PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING

Finance & Audit Committee

The Finance & Audit Committee (FAC) assists the Board in fulfilling its corporate governance and oversight responsibilities in relation to:

- the integrity of the Company's financial reporting;
- the Company's financial controls and systems; and
- the Company's relationship with each of the external auditor and internal auditor, and the external and internal audit functions generally.

The FAC Charter sets out the roles, responsibilities, composition and structure of the Committee.

At the end of the reporting period, the FAC was comprised of four Non-Executive Directors, all of whom are independent, being Michael Ihlein (Chair), Linda Bardo Nicholls AO, Rob Gordon and Timothy Longstaff. Timothy Longstaff was appointed as a member of the Committee on 16 June 2022. The CEO/MD, the Chief Financial Officer (CFO), the external auditor and the internal auditor must attend Committee meetings if requested. The Committee has unrestricted access to management and the auditors, and the right to seek explanations and additional information. The Committee meets with the external auditor and the internal auditor without management present. The number of times the FAC met throughout the reporting period and individual attendance is set out elsewhere in this report.

CEO & Managing Director and Chief Financial Officer certifications

In accordance with section 295A of the Corporations Act, the CEO/MD and the CFO have provided assurances to the Board for each of the half year and full year results, that in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity, and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

External Audit

Ingham's external auditor is KPMG. The Company will ensure the auditor attends the Company's Annual General Meeting (AGM) and is available to answer questions from shareholders relevant to the audit and the preparation and content of the auditor's report.

Internal Audit

The Internal Audit department provides independent and objective assurance on the adequacy and effectiveness of the Group's systems for risk management, internal control and governance. Internal Audit also offers recommendations to improve the efficiency and effectiveness of Ingham's internal control systems and processes. The Internal Auditor reports to the Board through the FAC on Ingham's compliance against its governance framework and policies, and has direct access to the Chair of the FAC. The Internal auditor oversees the implementation of Ingham's risk framework across the organisation, and generally provides the FAC with reports and information relevant to assisting the Committee with discharging its responsibilities.

Verification

Ingham's is committed to providing shareholders and external stakeholders with timely and transparent corporate reporting. For any periodic report that is not audited or reviewed by an external auditor, including disclosures in this report on operations, sustainability, risk and corporate governance, the Company has implemented internal verification processes to validate the statements made and supporting the data used. During the reporting period, ASX announcements (other than administrative announcements) were reviewed and approved before publication by the Ingham's Board and/or the Company's Disclosure Committee comprising the CEO/MD, CFO and General Counsel and Company Secretary.

Ingham's process to verify the integrity of corporate reports is based on the nature of the relevant report, its subject matter and where it will be published. Generally, the following processes and principles are applied for preparation and verification of its corporate reporting:

- relevant subject matter experts provide corporate reports with oversight by relevant Executive Leadership Team members;
- all reports are required to be accurate and not misleading, and to comply with applicable legislation or regulation; and
- relevant reports must be authorised for release by any appropriate approver required under Ingham's policy.

The Annual Report for the reporting period, which includes Ingham's Financial Statements, the Operating and Financial Review, the Remuneration Report, Sustainability Report and Corporate Governance Statement, were prepared by the relevant subject matter experts and reviewed and verified by relevant Ingham's executives and senior leaders prior to Board approval.

For sustainability disclosures, the internal assurance process included reviewing and aggregating external sources for utility data, such as utility provider invoices and transaction reports, and individual site records for water and waste for a small number of sites. Greenhouse gas emissions were calculated on an externally administered web-based platform, which uses the latest emissions factors published by the Australian and New Zealand governments for each region.

PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE

The Company has a Continuous Disclosure Policy for the purposes of complying with its continuous disclosure obligations. The policy outlines the processes the Company implements to ensure compliance with its continuous disclosure obligations, including the role of the Disclosure Committee. The Company releases any new and substantive investor or analyst presentations prepared by the Company on the ASX Market Announcement Platform ahead of any presentations.

Directors are promptly provided copies of all material announcements after they have been made.

A copy of the Continuous Disclosure Policy is available on the Company website: https://investors.inghams.com.au/Investor – Centre/Governance.html?page=corporate-governance

PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS

Communication with shareholders

Ingham's investor relations program aims to promote effective two-way communication between the Company and both investors and market analysts. This ensures they are kept informed of all major developments affecting the Company's state of affairs. In addition, Ingham's values the opportunity to hear investors' and analysts' views and concerns and, where appropriate, distils and communicates those views to the Board.

Shareholder communications include half yearly and annual reports, market announcements and media releases. All are available in the Investor Centre of the Company website, together with corporate governance information and background information on the Group. Shareholders have the option to receive communications from and send communications to Ingham's and its security registry electronically to ensure information is received in a timely manner.

The Company provides the full text of all notices of meetings and explanatory material on its website. The Company also encourages shareholders to provide email addresses so that notices of meetings and explanatory material can be sent to shareholders electronically. A notice setting out the rights of shareholders to request that documents be sent to them in a manner required by section 110K of the Corporations Act is available on the Company's website https://investors.inghams.com.au/Investor – Centre/AGM.html?page=annual-general-meetings

The Company encourages the participation of shareholders at its AGM each year. All substantive resolutions at meetings of shareholders of the Company are decided by poll.

PRINCIPLE 7 – RECOGNISE AND MANAGE RISK

Risk & Sustainability Committee

Ingham's Risk & Sustainability Committee (RSC) is responsible for overseeing both the Company's risk management system and its sustainability strategy.

The RSC Charter sets out the responsibilities of the Committee in relation to risk.

During the reporting period the RSC was comprised of four Non-Executive Directors, all of whom are independent, being Jackie McArthur (Chair), Michael Ihlein, Timothy Longstaff and Linda Bardo Nicholls AO. Timothy Longstaff was appointed as a member of the Committee on 20 January 2022.

The number of times the RSC met throughout the reporting period and individual attendance is set out elsewhere in this report.

Evaluate and manage risk

The Board and the Risk & Sustainability Committee monitor and evaluate risks through a variety of existing systems, programs and policies. The Finance & Audit Committee monitors and evaluates financial risks, while the People and Remuneration Committee monitors and evaluates people risks. The Board and/or Risk & Sustainability Committee also reviews the following areas:

- the Company's risk management and compliance framework;
- health, safety, quality and environmental risks;
- all other material and emerging risks including but not limited to risks associated with cyber security, brand and reputation, climate change and regulatory matters (but excluding financial and people risks, which are the responsibility of the Finance & Audit Committee and People & Remuneration Committee respectively);
- strategic risks facing the Company;
- the annual insurance program;
- structure and adequacy of business continuity plans; and
- the Company's sustainability strategy and its implementation plans.

The Company's management is responsible for managing strategic, financial and operational risk, and implementing risk mitigation measures, within parameters overseen by the Board and its Committees. Management incorporates risk management into strategic planning and decision-making to understand and prioritise the management of material business risks. The RSC reviews key risks within the Company's risk management framework to ensure Ingham's strategy is executed in a responsible, ethical and sustainable way.

Ingham's Sustainability Strategy is available on the Company website and addresses the areas considered key for sustainable performance, including animal welfare, climate change, water stewardship, sustainable agriculture, environmental compliance, people and safety, and procurement.

PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY

People & Remuneration Committee

Ingham's People & Remuneration Committee (PRC) assist and advise the Board on remuneration policies and practices for the Board and Executive Leadership Team, including equity-based remuneration.

During the reporting period, the PRC was comprised of five Non-Executive Directors, all of whom are independent, including the Chair. The directors currently serving on the PRC are Helen Nash (Chair), Michael Ihlein, Jackie McArthur, Linda Bardo Nicholls AO and Robyn Stubbs. Robyn Stubbs was appointed as a member of the Committee on 20 January 2022.

The roles, responsibilities, composition and structure of the PRC are set out in the PRC Charter.

The number of times the PRC met throughout the reporting period and individual attendance is set out elsewhere in this report.

Director and executive remuneration

The Remuneration Report on pages 86 to 106 of this report details Ingham's policies and practices for remunerating directors and executives. The Company distinguishes the remuneration of Executive Directors and Executive Leaders from Non-Executive Directors by offering Executive Leaders a mix of fixed and at-risk remuneration through the Company's short-term and long-term incentive plans. These plans are designed to enable Ingham's to realise its strategic objectives by rewarding sustainable performance and behaviour that is aligned to our purpose and values.

Non-Executive Director's remuneration is fixed and includes superannuation. It does not include any retirement benefits.

Securities trading policy

Ingham's Securities Dealing Policy includes terms which provide that the Directors, the CEO/MD and other Company executives (each being 'Designated Persons' under the Policy) are prohibited from entering into transactions or arrangements with anyone who could have the effect of limiting their exposure to risk relating to an element of their remuneration that has not vested or is held subject to escrow restrictions.

DIRECTORS' REPORT

This audited general purpose financial report for the year ended 25 June 2022 covers the consolidated entity comprising Inghams Group Limited (the Company) (ACN 162 709 506) and its controlled entities ('The Group', 'Ingham's'). The Group's functional and presentation currency is Australian dollars ($), rounded to the nearest hundred thousand.

DIRECTORS

The following persons were Directors of Inghams Group Limited during the year and until the date of this report:

NAME	ROLE	DATE OF APPOINTMENT	DATE OF RESIGNATION
Peter Bush	Chair	7 October 2016	
Rob Gordon	Non-Executive Director	11 April 2019	
Michael Ihlein	Non-Executive Director	16 April 2020	
Timothy Longstaff	Non-Executive Director	20 January 2022	
Jackie McArthur	Non-Executive Director	18 September 2017	
Helen Nash	Non-Executive Director	16 May 2017	
Linda Bardo Nicholls AO	Non-Executive Director	7 October 2016	
Andrew Reeves	CEO & Managing Director	29 March 2021[1]	
Robyn Stubbs	Non-Executive Director	20 January 2022	

(1) Andrew Reeves served as a Non-Executive Director from 14 January 2019 until his appointment as CEO & Managing Director on 29 March 2021.

PRESENT DIRECTOR PROFILES OF THE COMPANY

See pages 56 to 58.

DIRECTORS' MEETINGS

The number of meetings of directors (including meetings of Board Committees) held during the year and the number of meetings attended by each director, during their time in office, were as follows:

	DIRECTOR MEETINGS HELD	DIRECTOR MEETINGS ATTENDED	F&AC MEETINGS HELD	F&AC MEETINGS ATTENDED	P&RC MEETINGS HELD	P&RC MEETINGS ATTENDED	R&SC MEETINGS HELD	R&SC MEETINGS ATTENDED	NOMS C MEETINGS HELD	NOMS C MEETINGS ATTENDED
P Bush	8	8[c]	–	3*	–	2*	–	2*	14	14[c]
R Gordon	8	7[5]	4	4	–	–	–	1*	–	–
M Ihlein	8	8	4	4[c]	5	5	6	6	–	–
T Longstaff[1]	6	6	–	2*	–	3*	3	3[1]	–	–
J McArthur[3]	8	8	–	3*	5	5	6	6[c]	14[3]	13
H Nash	8	8	–	4*	5	5[c]	–	3*	14	13
L Bardo Nicholls AO[4,5]	8	7[5]	4	3[4]	5	5	6	5[4]	14	12
A Reeves	8	8	–	4*	–	5*	–	4*	–	–
R Stubbs[2,5]	6	5	–	2*	3	3[2]	–	2*	–	–

* Denotes attendance by a Director while not a member of the Committee.

(c) Denotes Chair of the Board or Committee.

(1) Timothy Longstaff appointed as a Director as from 20 January 2022, as member of Risk & Sustainability Committee on 20 January 2022 and as a member of Finance & Audit Committee on 16 June 2022.

(2) Robyn Stubbs appointed as a Director as from 20 January 2022 and as member of People & Remuneration Committee.

(3) Jackie McArthur appointed as a member of Nominations Committee on 19 August 2021.

(4) Linda Bardo Nicholls AO could not attend the Finance & Audit Committee meeting held on 5 May 2022 and Risk & Sustainability Committee meeting held on 24 May 2022.

(5) Robyn Stubbs and Linda Bardo Nicholls AO could not attend Board meeting on 28 April 2022, Rob Gordon and Linda Bardo Nicholls AO could not attend the Board meeting held on 5 May 2022. Both the Board meetings on 28 April 2022 and 5 May 2022 were ad-hoc meetings and convened at short notice.

F&AC = Finance & Audit Committee

P&RC = People & Remuneration Committee

R&SC = Risk & Sustainability Committee

Noms C = Nominations Committee

COMPANY SECRETARY

David Matthews, B Econ, LL.B.

David joined Ingham's in November 2015. David has over 30 years' experience as a lawyer with international law firms in Australia and the UK and with large, listed global companies. Prior to joining Ingham's, he was General Counsel and Company Secretary of Fonterra Co-operative Group, Telecom New Zealand's Australian operations, and Arnott's Biscuits/Campbell Soup in the Asia Pacific Region.

PRINCIPAL ACTIVITIES

The principal activities of the Group during the year consisted of the production and sale of chicken and turkey products across its vertically integrated free-range, value enhanced, primary processed, further processed and by-product categories. Additionally, stockfeed is produced primarily for internal use but also for the poultry and pig industries.

CORPORATE STRUCTURE

Ingham's is a company limited by shares that is incorporated and domiciled in Australia. Details of all companies in the Group are outlined in note 22 to the Financial Statements.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant changes in the nature of the Group's activities during the year.

DIVIDENDS

An interim fully franked dividend of 6.5 cents per share totalling $24.2 million was paid on 4 April 2022 (2021: $27.9 million).

Subsequent to the year end, a fully franked dividend of 0.5 cents per share has been declared totalling $1.9 million to be paid on 5 October 2022. The financial effect of this dividend has not been brought to account in these consolidated financial statements and will be recognised in the subsequent financial report.

The full year fully franked dividend of 7.0 cents per share, represents a payout ratio of 61.6%, at the lower end of the 60-80% payout range of Underlying NPAT.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

The directors of the Company are not aware of any other matter or circumstance not otherwise dealt within the financial report that significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs in the period subsequent to the year ended 25 June 2022.

ENVIRONMENTAL REGULATION

The Group is subject to particular and significant environmental regulations. All relevant authorities have been provided with regular updates, and to the best of the directors' knowledge all activities have been undertaken in compliance with or in accordance with a process agreed with the relevant authority.

The Group takes its environmental obligations seriously and has had an environmental policy in place for more than 30 years. The policy provides the framework for a comprehensive management strategy that is integrated with overall business strategy and ensures individual sites are managed in a consistent way to a high standard. In the past decade, sustainability has become a focus for the organisation and is a key business objective, helping identify business improvements and further efficiencies. Ingham's ambition is to be the leader in sustainable poultry and continues to focus on resource conservation through its Alliance for Water Stewardship partnership and waste reduction resulting in a 89% diversion of waste from landfill.

ENVIRONMENTAL REGULATION (CONTINUED)

The policy contains a commitment to protecting the environment including:

- Development of an environmental management system integral to overall management;
- Prevention of pollution;
- Product stewardship;
- Water, energy and material conservation;
- Continuous environmental improvement; and
- Working towards sustainability internally and with the supply chain.

It includes requirements for each site to develop and implement a site-specific environmental management plan, aligned to ISO14001:2015 standard requirements, with the following objectives:

- Compliance with applicable legal and other requirements met;
- Identification of environmental impacts of our activities, products and services;
- Procedures for managing activities with a potential to impact the environment; and
- Continuous environmental improvement through setting and reviewing specific objectives and targets; and clear responsibilities and accountability.

It also outlines the annual self-assessment and the periodic independent environmental review processes.

Each site has the required environmental protection licence or resource consent and completes an annual statement of compliance.

The Group is subject to the *National Greenhouse and Energy Reporting Act 1997* and is required to report on the energy consumption and greenhouse gas emissions of its Australian operations.

DIRECTORS' INTERESTS

The relevant interest of each director in the shares and rights over such instruments issued by the companies within the Group, as notified by the directors to the ASX in accordance with s250G(1) of the *Corporations Act 2001*, at the date of this report is as follows:

	ORDINARY SHARES	PERFORMANCE RIGHTS
Peter Bush	208,730	–
Rob Gordon	25,772	–
Michael Ihlein	45,455	–
Timothy Longstaff	29,850	–
Jackie McArthur	26,823	–
Helen Nash	54,259	–
Linda Bardo Nicholls AO	47,869	–
Andrew Reeves	22,800	430,098
Robyn Stubbs	23,000	–

SHARE OPTIONS

Legacy share option arrangement

A KMP of the Group was granted an interest-free loan in September 2018 to subscribe to shares of Inghams Group Limited. This loan is non-recourse other than to the shares held by that employee, and the proceeds of the loan must be used to buy shares. The arrangement has been accounted for as share options. These options entitle the holder to receive dividends on ordinary shares of the Company, and these dividends are required to be used to repay the loans attached. Shares under this scheme are held in trust for employees by a subsidiary, Ingham 2 Pty Limited. This interest free non-recourse loan to purchase shares in Ingham's under a legacy arrangement has been fully repaid and the ordinary shares have been transferred to the holder as at 25 June 2022.

There are no other loans to KMP and no loan arrangements will be offered in the future.

SHARE OPTIONS (CONTINUED)

Performance rights

Executive KMP and senior executives are invited annually to participate in a three-year Long-Term Incentive Plan (LTIP), awarded in share rights with these share rights being performance based and only vest if minimum performance hurdles are met. The share rights do not attract voting rights or entitle the holder to receive dividends.

In addition, Executive KMP and certain senior executives have a portion of any actual Short-Term Incentive Plan award deferred into share rights, that are required to be held for a period of 12 months before vesting into shares. No performance conditions exist for these share rights to vest and they are time-based vesting on the completion of the service period.

Share options and rights outstanding at the end of the year have the following expiry dates and exercise prices (where relevant):

		2022		2021	
GRANT DATE	EXPIRY DATE	EXERCISE PRICE	NUMBER OF RIGHTS	EXERCISE PRICE	NUMBER OF RIGHTS/ OPTIONS
5 November 2021	1 July 2024	–	1,462,535	–	–
15 September 2021	15 September 2022	–	98,000	–	–
10 June 2021	1 July 2023	–	862,917	–	1,097,339
15 September 2020	1 July 2021	–	–	–	299,654
17 April 2020	25 June 2022	–	–	–	1,448,756
2 April 2020	31 December 2022	–	14,410	–	14,410
1 September 2020	31 July 2023	–	15,031	–	15,031
6 December 2018	30 June 2021	–	–	–	34,860
4 December 2018	30 June 2021	–	–	–	506,862
5 November 2018	30 June 2021	–	–	–	354,001
22 December 2015	21 December 2020	–	–	$1.40	200,000
Share-based payments			**2,452,893**		**3,970,913**

Included in the above were rights granted as remuneration to the following directors and officers of the Company and the Group during the year:

NAME OF OFFICER	DATE GRANTED	NUMBER OF RIGHTS
Andrew Reeves	15 September 2021	21,763
Andrew Reeves	5 November 2021	408,335
Jonathan Gray	15 September 2021	14,376
Jonathan Gray	5 November 2021	97,248
Gary Mallett	15 September 2021	17,183
Gary Mallett	5 November 2021	112,601

No options were granted to the directors or officers of the Company since the end of the financial year.

INDEMNITIES AND INSURANCE OF OFFICERS AND AUDITORS

Indemnities

Ingham's constitution indemnifies each officer of Ingham's and its controlled entities against a liability incurred by that person as an officer unless that liability arises out of conduct involving a lack of good faith. The constitution also provides that Ingham's may make a payment to an officer or employee (by way of advance, loan or otherwise) for legal costs incurred by them in defending legal proceedings in their capacity as an officer or employee. Ingham's has entered into a Deed of Access, Indemnity and Insurance with each director which applies during their term in office and after their resignation (except where a director engages in conduct involving a lack of good faith). Ingham's constitution provides that it may indemnify its auditor against liability incurred in its capacity as the auditor of Ingham's and its controlled entities. Ingham's has not provided such an indemnity.

INDEMNITIES AND INSURANCE OF OFFICERS AND AUDITORS (CONTINUED)

Indemnification and insurance of officers

During the reporting period and since the end of the reporting period, the consolidated entity has paid premiums in respect of a contract insuring directors and officers of the consolidated entity in relation to certain liabilities. The insurance policy prohibits disclosure of the nature of the liabilities insured and the premium paid.

LEAD AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration required under section 307C of the *Corporation Act 2001* is included on page 107.

NON-AUDIT SERVICES

The following non-audit services were provided by the entity's auditor, KPMG. The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised. This assessment has been confirmed to the Board by the Finance & Audit Committee.

KPMG received or are due to receive the following amounts for the provision of non-audit services:

	$000
Other assurance services	8
Total non-audit services	**8**

ROUNDING OF AMOUNTS

The amounts contained in this report and in the financial statements have been rounded to the nearest hundred thousand dollars unless otherwise indicated under the option available to the Group under *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*.

OPERATING AND FINANCIAL REVIEW

Non-IFRS measures

Throughout this report, Ingham's has included certain non-IFRS financial information, including EBITDA. Ingham's believes that these non-IFRS measures provide useful information to recipients for measuring the underlying operating performance of Ingham's.

EBITDA stands for Earnings Before Interest, Tax, Depreciation, and Amortisation. This is calculated throughout the Operating and Financial Review consistent with the segment note to the financial statements from page 123.

Underlying results

The underlying results exclude the profit on sale of assets, business transformation costs, impairments and restructuring charges. The above-mentioned items have been tax effected to determine an underlying Net Profit after Tax (NPAT) to allow shareholders to make a meaningful comparison of the Group's underlying NPAT performance against prior year.

OPERATING AND FINANCIAL REVIEW (CONTINUED)

Underlying results (52 weeks)

Table 1: Underlying results for FY22 compared to underlying results for prior year

CONSOLIDATED INCOME STATEMENT	FY22 UNDERLYING $000	FY21 UNDERLYING $000	CHANGE $000
Revenue	2,713,100	2,668,800	44,300
Cost of sales	(2,059,800)	(1,948,600)	(111,200)
Gross profit	**653,300**	**720,200**	**(66,900)**
Distribution expense	(157,100)	(142,200)	(14,900)
Sales, general and administration expense	(116,200)	(130,100)	13,900
Share of net profit associate	400	400	–
Other income	400	400	–
EBITDA	**380,800**	**448,700**	**(67,900)**
Depreciation and amortisation	(270,600)	(265,300)	(5,300)
EBIT	**110,200**	**183,400**	**(73,200)**
Net interest expense	(66,600)	(65,600)	(1,000)
FX gain/(loss)	1,500	–	1,500
Net profit before tax	**45,100**	**117,800**	**(72,700)**
Income tax expense	(2,700)	(31,100)	28,400
Net profit after tax	**42,400**	**86,700**	**(44,300)**

Group core poultry volume grew 4.2% in a challenging trading environment dominated by COVID-19.

Australian core poultry volume grew 5.2% (1H 6.6%/2H 3.9%) with volume growing in the wholesale channel due to the simpler range of products that were able to be produced within a constrained COVID-19 labour environment. As a result, Australian core poultry revenue grew 1.6% in FY22 as net selling prices declined –3.5% reflective of the impact of growing and shifting volume into an over supplied wholesale market.

New Zealand core poultry fell –2.0% (1H 0.1%/2H –4.2%) due to reduced bird numbers in response to reduced demand arising from the on-going border closures with COVID-19. New Zealand core poultry revenue grew at 3.1% in FY22, while net selling prices overall increased 5.2% as price increases were passed on across all channels, reflective of the current inflationary environment in New Zealand.

Feed volumes declined –8.8% or –32.6kt, –25.3kt in New Zealand and –7.3kt in Australia. In New Zealand, feed was down due to the sale of the Hamilton mill at the end of Q3 FY21 and Australia was impacted by a customer loss in WA as customers start migrating to new alternate suppliers prior to the closure of the WA Feedmill.

By-products volume grew modestly at 1.8% or 1.9kt, with the growth rebounding in New Zealand 1.4kt or 11.3% due to higher pet food demand, while in Australia growth was relatively flat.

Cost of sales grew 5.7% as rising commodity prices, general price inflation and COVID-19 disruptions in Q3 resulted in an increased cost of working during FY22.

Distribution costs excluding AASB 16 increased 8.4% in FY22 due to a mix of higher core poultry volumes 4.2% and CPI increases of 4.1% reflective of increases in fuel costs offset by improved route optimisation and cost efficiencies.

Sales, general and administrative (SGA) excluding AASB 16 costs were down 12.5% ($17.1 million); $11.5 million is due to not meeting the FY22 short term incentive (STI) hurdle, the release of excess provision relating to the FY21 STI and not meeting the FY20 long term incentive (LTI) performance hurdle. A further benefit of $5.6 million is due to lower legal and insurance costs more than offsetting any CPI increases.

Depreciation was marginally below FY21 by 1.1% due to continued delays in completing new projects due to supply chain disruptions, labour shortages and COVID-19 site access restrictions.

External net interest, excluding AASB 16 interest was $14.8 million, flat to FY21. Foreign exchange gain realised relates to a NZ profit hedge closed out in the year.

The effective tax rate of 6.0% (2021: 26.4%) was down due to the receipt of an R&D tax credit of $8.5 million for the FY20 claim year and the release of a $2.2 million provision upon resolution of a historical tax matter.

OPERATING AND FINANCIAL REVIEW (CONTINUED)

Underlying results (52 weeks) (continued)

The impact of AASB 16 included in the underlying results above are as follows:

Table 1a: AASB 16

AASB 16	FY22 AASB 16 $000	FY21 AASB 16 $000	CHANGE $000
Cost of sales	222,800	211,800	11,000
Gross profit	**222,800**	**211,800**	**11,000**
Distribution expense	18,900	20,100	(1,200)
Sales, general and administration expense	3,900	7,200	(3,300)
EBITDA	**245,600**	**239,100**	**6,500**
Depreciation and amortisation	(214,700)	(208,900)	(5,800)
EBIT	**30,900**	**30,200**	**700**
Net interest expense	(51,700)	(50,800)	(900)
Net (loss)/profit before tax	**(20,800)**	**(20,600)**	**(200)**
Income tax expense	6,100	6,100	–
Net (loss)/profit after tax	**(14,700)**	**(14,500)**	**(200)**

The AASB 16 impact on the Statutory EBITDA is an increase of $6.5 million due to new contract grower leases, modifications, re-measurements (CPI) and extensions. Whereas, the AASB 16 impact on Statutory NPAT is a marginal decrease of $0.2 million due to the offset in depreciation and interest.

Table 1b: Underlying Pre AASB 16

UNDERLYING PRE AASB 16	FY22 UNDERLYING PRE AASB 16 $000	FY21 UNDERLYING PRE AASB 16 $000	CHANGE $000
EBITDA	**135,200**	**209,600**	**(74,400)**
Net profit after tax	**57,100**	**101,200**	**(44,100)**

Underlying EBITDA pre AASB 16 is down 35.5% or –$74.4 million due to a steep decline in 2H trading performance of –$73.4 million due principally to the impacts of COVID-19 isolation orders, illness and disruptions impacting our ability to supply customers.

OPERATING AND FINANCIAL REVIEW (CONTINUED)

Statutory results

Table 2: Statutory results for FY22 actual compared to FY21

CONSOLIDATED INCOME STATEMENT	STATUTORY FY22 (52 WEEKS) ACTUAL $000	STATUTORY FY21 (52 WEEKS) ACTUAL $000	CHANGE $000
Revenue	2,713,100	2,668,800	44,300
Cost of sales	(2,059,800)	(1,948,600)	(111,200)
Gross profit	**653,300**	**720,200**	**(66,900)**
Other income	400	(100)	500
Distribution expense	(157,100)	(142,200)	(14,900)
Sales, general and administration expense	(126,600)	(134,400)	7,800
Share of net profit associate	400	400	–
EBITDA	**370,400**	**443,900**	**(73,500)**
Depreciation and amortisation	(270,600)	(265,300)	(5,300)
EBIT	**99,800**	**178,600**	**(78,800)**
Net interest expense	(66,600)	(65,600)	(1,000)
FX gain/(loss)	1,500	–	1,500
Net profit before tax	**34,700**	**113,000**	**(78,300)**
Income tax expense	400	(29,700)	30,100
Net profit after tax	**35,100**	**83,300**	**(48,200)**

Statutory results vs prior year actual

Business drivers behind the year on year performance have been described in the underlying results commentary above.

The FY22 results include employee restructuring costs of $3.4 million relating to the upcoming closure of the Wanneroo Feedmill in WA and the Lyndhurst DC in VIC, $10.1 million in Business Transformation costs relating to the scoping and design phase of the new ERP, partly offset by a $3.1 million reversal of the FY20 Wacol Feedmill impairment.

The prior corresponding period included employee restructuring costs of $3.1 million in 1H FY21, a legal settlement of $1.2 million related to the sale of the Mitavite business in a prior period and a loss on sale of the Hamilton mill of $0.5 million.

Reconciliations – statutory to underlying

Table 3: Reconciliation of statutory EBITDA to underlying EBITDA

CONSOLIDATED EBITDA ($000)	NOTE	FY22 ACTUAL	FY21 ACTUAL
Statutory revenue		**2,713,100**	**2,668,800**
Underlying revenue		**2,713,100**	**2,668,800**
Statutory EBITDA		**370,400**	**443,900**
Loss/(profit) on sale of assets		–	500
Restructuring	1	3,400	4,300
Impairment reversal	2	(3,100)	–
Business transformation	3	10,100	–
Underlying EBITDA		**380,800**	**448,700**
AASB 16		(245,600)	(239,100)
Underlying EBITDA pre AASB 16		**135,200**	**209,600**

OPERATING AND FINANCIAL REVIEW (CONTINUED)

Reconciliations – statutory to underlying (continued)

Table 4: Reconciliation of underlying NPAT to statutory NPAT

CONSOLIDATED NPAT ($000)	NOTE	FY22 ACTUAL	FY21 ACTUAL
Statutory NPAT		**35,100**	**83,300**
Loss/(Profit) on sale of assets		–	300
Restructuring	1	2,500	3,100
Impairment reversal	2	(2,200)	–
Business transformation	3	7,000	–
Underlying NPAT		**42,400**	**86,700**
AASB 16		14,700	14,500
Underlying NPAT pre AASB 16		**57,100**	**101,200**

(1) Removal of restructuring expenses.
(2) Removal of impairment reversal for Wacol.
(3) Removal of business transformation costs associated with the scope and design of the new ERP program.

Australia

Table 5: Selected statutory financial information for the Australia segment

CONSOLIDATED INCOME STATEMENT	ACTUAL FY22 $000	ACTUAL FY21 $000	CHANGE $000
Revenue	2,314,700	2,275,200	39,500
EBITDA	312,200	371,800	(59,600)

Australian revenue grew by 1.7% in the year, underpinned by 5.3% growth in poultry volumes offset by lower feed volumes –2.8% and lower net selling prices in core poultry –3.5% as volumes shifted to an oversupplied wholesale market.

The decline in EBITDA is attributable to the disruptive impact of COVID-19 in the second half, where core poultry volumes shifted to wholesale, and the increased cost of operating during the COVID-19 disruption coupled with the inflationary pressure of higher prices more than exceeded any operational efficiencies realised.

Australia did not receive any Government COVID-19 financial support during the year.

New Zealand

Table 6: Selected statutory financial information for the New Zealand segment

CONSOLIDATED INCOME STATEMENT	ACTUAL FY22 $000	ACTUAL FY21 $000	CHANGE $000
Revenue	398,400	393,600	4,800
EBITDA	58,200	72,100	(13,900)

New Zealand revenue increased 1.2% in the year, growth of 3.3% or $11.4 million was attributable to price increases as volumes were flat across total poultry, offset by a 10.5% or –$6.7 million decline in feed revenue due to the sale of the Hamilton Feedmill in Q3 FY21.

The decline in EBITDA is due to inflationary pressures of higher commodity process and other generalised inflation exceeding the increase in core poultry net selling prices of 5.2%.

New Zealand received Government COVID-19 financial support during the year in relation to employee leave support and short-term absence schemes. A total of NZ$410,000 was received in FY22.

OPERATING AND FINANCIAL REVIEW (CONTINUED)

Balance Sheet

Table 7: Selected statutory consolidated statement of financial position for the year ended 25 June 2022

SELECTED CONSOLIDATED STATEMENT OF FINANCIAL POSITION	FY22 $000	FY21 $000	CHANGE $000
Current assets	734,600	702,400	32,200
Non-current assets	1,808,300	1,842,600	(34,300)
Total assets	**2,542,900**	**2,545,000**	**(2,100)**
Current liabilities	736,300	703,000	33,300
Non-current liabilities	1,648,400	1,678,400	(30,000)
Total liabilities	**2,384,700**	**2,381,400**	**3,300**
Net assets	**158,200**	**163,600**	**(5,400)**

Net Assets

Current assets increased largely due to the increase in biological assets and inventories. The increased working capital impact of biological assets of $13.8 million is due to the cycling of higher feed costs. The increase in inventories of $42.6 million from June 2021 is due to higher physical grain purchases from growers stored at offsite locations offset by a reduction in frozen poultry inventory.

Non-current asset values have decreased $34.3 million due to the reduction in the right of use asset for AASB 16 *Leases* which contributed to a $55.5 million decrease (note 12).

Current liabilities increased $33.3 million due to an increase trade and other payables of $56.0 million from the timing of payments and the purchase of additional feed, this was offset by a decrease in the current tax liability of $27.8 million.

Non-current liabilities decreased $30.0 million due to the wind down of the AASB 16 *Lease* liability of $31.2 million.

These financial statements are prepared on a going concern basis despite the group being in a small current net liability position of $1.7 million. The Group continues to have positive profit after tax, positive net assets, positive operating cashflow, significant cash on hand and undrawn committed debt facilities. In addition, the bank facility debt is non-current and bank covenants have been met.

Table 8: Consolidated statutory net debt as at 25 June 2022

NET DEBT AS AT 25 JUNE 2022	FY22 $000	FY21 $000
Bank loans	(400,000)	(400,000)
Capitalised loan establishment fees included in borrowings	1,100	1,700
Total borrowings	**(398,900)**	**(398,300)**
Less: Cash and cash equivalents	131,600	158,100
Net debt	**(267,300)**	**(240,200)**

Net debt

Net debt has increased by $27.1 million primarily due to a decline in cash generation from trading activities in the second half, this has been supported by good working capital management and lower than expected capital expenditure. The Group's leverage ratio as at June is 2.0x (FY21: 1.2x).

OPERATING AND FINANCIAL REVIEW (CONTINUED)

Material business risks

Ingham's is exposed to a range of strategic, financial and operational risks associated with operating a vertically integrated poultry company.

Ingham's has an enterprise risk management framework which together with governing its most material risks, provides a sound basis for managing material risks. Ingham's has continued to invest to optimise its risk management processes and has implemented new reporting and tools during FY22. Recent enhancements include the introduction of dedicated risk management resources and maturing use of the integrated risk management software solution. Risk appetite statements have been updated with the Board and are challenged and monitored during the year. In addition, strategic and emerging risk reports and material operational risk reports are regularly tabled to Ingham's Risk & Sustainability Board Committee.

Material business risks faced by the Group that may have a significant effect on the financial prospects of the Group include:

Strategic Risks:

RISK	IMPLICATION	MITIGATING ACTIONS
Changes in poultry demand and supply impacting poultry pricing due to regulation or social change	Any material increase in the supply of chicken in the Australian and New Zealand markets that exceeds the increase in demand could lead to an oversupply of chicken, which may result in reduced prices, negatively affecting Ingham's financial performance.	• We participate in a competitive market involving a number of suppliers of chicken products in Australia and New Zealand. • We carefully manage our poultry flock numbers to match expected demand with our customers. • We leverage our diverse geographic network of poultry production across Australia and New Zealand to efficiently manage the cost of supply. • We supply into the domestic wholesale and export markets which both serve as an outlet for supply excesses.
Import restrictions	Changes to import quarantine conditions in Australia and/or New Zealand that would allow additional forms of poultry to be imported could result in changes to the poultry market that would adversely impact Ingham's financial performance. New Zealand currently relies on imported feed. If imports were restricted, this would raise grain commodities/feed costs in New Zealand and potentially make farming unviable.	• We contribute or respond to research on the topic of poultry food safety and disease. • We participate in discussions with industry forums and government bodies such as PIANZ.
Customer volumes or mix	A change in the volume or mix of Ingham's business could negatively impact its operational or commercial performance.	• Ingham's commercial strategy focuses on strengthening core customer relationships, sustainably building new business and strengthening its revenue streams and the margin contribution via mix.
Assets stranded geographically or due to new business models/technology	Ingham's may be locked into long-dated leases that do not align with future operating requirements and/or the economic life of the assets.	• Ingham's base network plan has been developed in light of long-term forecast demand (at least 5 years), providing substantial lead time to develop or dispose of assets across the network.

Financial Risks:

Liquidity

Liquidity levels may increase should costs pass through strategies fail to offset increased input prices, resulting in potential covenant breaches and potential increased costs and/or, a reduction in availability of funding.

OPERATING AND FINANCIAL REVIEW (CONTINUED)

Material business risks (continued)

Operational Risks:

RISK	IMPLICATION	MITIGATING ACTIONS
People safety	Ingham's is subject to inherent operational risks that could potentially result in serious injury or fatality of employees, contractor or members of the public.	• We prioritise the safety and health of our People and Partners. We strive for Zero Harm and are committed to sending employees home safely at the end of each workday. • We have a comprehensive Work Health and Safety Management System. This includes our Golden Safety Rules, which help our people identify critical controls that must be in place before undertaking work at Ingham's. • Our Safety for Life program is anchored around four pillars: zero harm culture, risk reduction strategies, safety management system enhancement and improved workers' compensation performance. • Ingham's has a robust internal and external assurance program to validate the strength of safety controls in place across the business.
Food safety and disease outbreak	Poor product quality or unsafe products and processes may potentially result in injury, harm or illness to consumers, claims, regulatory impacts and significant reputational damage. Outbreak of an avian disease in Ingham's flocks or within the same geographic regions may affect the use and transportation of the affected stock and disrupt supply causing financial loss. If products of Ingham's or a competitor became unsafe or were perceived as being unsafe, reduced demand for poultry products could follow.	• We have a food safety and quality governance framework and dedicated quality and food safety staff across the business to meet both mandatory and internal food safety requirements. • Ingham's is certified to British Retail Consortium (BRC) Food Safety Issue for the processing sites and BRC Storage and Distribution Issue 4 for the Distribution Centres with an overall rating of AA across all Australia and New Zealand sites. This is a Global Food Safety Initiative (GFSI) world class standard. • Ingham's is also certified to over 5 Customer Owned Standards for both Retail outlets and Quick Service Restaurants. • Procedures are in place in how we effectively manage, handle, store, recall and withdraw products. • Our competitive landscape is monitored in Australia and New Zealand for immediate impacts to our poultry demand and the global context continues to be monitored. • Our Product Pride program involves quality assurance, training and awareness across the whole supply chain. • High biosecurity measures are in place to control the risk of infections on our sites. • We have documented procedures to manage and minimise the impact should an avian disease outbreak occur.

OPERATING AND FINANCIAL REVIEW (CONTINUED)

Material business risks (continued)

RISK	IMPLICATION	MITIGATING ACTIONS
Animal welfare	Poor animal welfare practices or industry activism could result in significant reputational damage for Ingham's and the poultry industry more broadly.	• Our commitment to high animal welfare standards is underpinned by comprehensive programs developed in collaboration with international animal welfare experts, retailers and regulatory authorities. • We hold accreditation with the Royal Society for the Prevention of Cruelty to Animals (RSPCA) in Australia and Society for the Prevention of Cruelty to Animals (SPCA) for our Waitoa free range brand in New Zealand, in line with the Approved Farming Scheme standards.
Climate change and feed input costs	If feed ingredients supply is reduced following a prolonged period of drought, higher feed prices may arise from lower production levels resulting in higher input costs for Ingham's. Feed prices can also be impacted by events outside of drought, such as floods and fires as well as international supply shortages, creating challenges to the business to pass through rising costs.	• Ingham's national production footprint mitigates the risk of concentrated production in one region. In addition, the diversity of grain suppliers across the regions provides access to multiple grain supply chains, further mitigating the risk of grain shortages. • Input costs, including grain price and other commodities, are managed through cost pass through arrangements where available and customer pricing negotiations. There may be instances where these costs are not able to be effectively passed through or are delayed and this can contribute to the potential risk of margin erosion.
Plant failure and site security	A range of events, including natural disaster, fire, explosion and other force majeure related events, may result in the failure of one of our plants. Our plants include feed mills, primary processing plants and further processing plants. Site access remains a focus point for interruption at primary and secondary processing plants, farms and distribution centres which may impact on supply.	• We have a rolling program of regular site inspection of a plant's pressure vessels, boiler, gas supply and fire detection and response. • Ingham's would address any loss of plant using its business continuity plans, disaster recovery and network planning. This would mean that spare or contingent capacity is identified at a group level to accommodate a loss of the largest site. There may be instances where our spare or contingent capacity is insufficient to cover the loss of plant. • Ingham's retains a focus on contingency planning to all of its farms, production and distribution sites.
Customer relationships	The risk of reduced sales volumes, or a missed opportunity to increase sales volumes, from one of our largest customers, could have a significant financial consequence for Ingham's.	• We focus on delivering and exceeding our customer expectations. • We extend supply contracts to key customers to both mitigate the risk of loss of business and allow for effective network planning. • Ingham's has a centralised customer complaints management process and network-wide tracking and remediation of outcomes arising from customer audits. • Quality assurance teams undertake comprehensive quality assurance testing of products prior to customer approvals.

OPERATING AND FINANCIAL REVIEW (CONTINUED)

Material business risks (continued)

RISK	IMPLICATION	MITIGATING ACTIONS
Information asset failure and cyber	Information assets may fail, including as a result of a cyber-attack, resulting in the inability to operate and support critical business processes.	• We have a range of IT and IT security controls within an overarching IT risk management framework. We regularly test our disaster recovery plans and continue to roll out a cyber awareness program, and are developing cyber specific security processes. • We have a forward-looking network-level strategy to refresh legacy information assets. • IT assets and systems are a key platform within the ongoing business wide Transformation program as Ingham's moves to modernise its systems and processes.
Legal, regulatory and governance	Our operations are subject to a range of legal and regulatory matters including work health and safety, food safety, consumer protection, competition and the environment.	• We have a range of policies, procedures and plans to help us manage our legal and regulatory compliance. • Our Code of Conduct sets out the guiding principles for 'doing the right thing' and living up to our Purpose and Principles. • We evaluate and respond to legal proceedings and claims, with our response correlated to the potential risk exposure. • We monitor and engage with government and regulatory bodies on policy, regulatory compliance and impacts to the regulatory environment.
Business interruption, e.g. industrial action, pandemic	Interruption to our operations can be caused by range of issues including but not limited to natural disaster, supply chain, industrial action and other regulatory incidents, loss of plant, cyber incident or IT system failure and pandemic/epidemic. Business interruptions could impact our operations, our partners and our employees and may cause business and reputational damage as well as significant financial impacts.	• We monitor and respond to threats in the continuity of our operations. • We undertake a range of business continuity exercises to test the ability of our business to respond effectively. • We are continuing to invest in our technology infrastructure and applications and regularly review our IT recovery plans to enhance our offsite back-up and recovery capabilities. • We continue to monitor, scenario plan and manage our business in line with COVID-19 pandemic impacts, which could have a material financial impact on our business, particularly relating to any response in Australia and New Zealand that could materially affect demand for poultry products or our ability to supply to market. • We continue to monitor and manage the effects of potential labour absenteeism or the challenges in retaining or sourcing staff for our business through workforce planning.

OPERATING AND FINANCIAL REVIEW (CONTINUED)

Strategy and future prospects

The Group's ambition is to be Australia and New Zealand's first choice for poultry. Our purpose is to produce 'deliciously good food, in the best way'. This purpose underpins our strategic objectives, and our commitment to making a positive difference.

Our strategy is focused on growing returns over time and we have developed a framework for how we will achieve this across all critical aspects of our business:

Our marketplace:

- Products: creating a brand and product portfolio that creates more value for Inghams, our customers, and our consumers; and
- Customers: elevating key strategic relationships, and setting the strategic direction of the poultry category in partnership with major customers.

Our workplace:

- Sustainability: continuing to develop industry leadership in sustainable processes and practices;
- People: embedding a constructive culture; inspiring people to develop themselves and give their best everyday;
- Efficiency: driving efficiency through continuous improvement across all parts of our business; and
- Capability: investing behind critical manufacturing capabilities that support growth, efficiency improvement, and meet evolving marketplace needs.

This strategy will be enabled through the ongoing development of systems, processes and people. This includes systems that embed continuous improvement capability, enabled integrated business planning, and that evolve and integrate key technology systems and processes.

It also includes a clear focus on developing our people, embedding the principles of care, courage, curiosity, and commitment in everything we do.

CHAIR OF THE PEOPLE & REMUNERATION COMMITTEE

On behalf of the Board of Directors, I invite shareholders to review our Remuneration Report for the financial year 2022. The report summarises Inghams Group Limited's remuneration strategy and outcomes for Executive Key Management Personnel (Executive KMP) and Non-Executive Directors.

OUR YEAR

Ingham's financial results in FY22 were delivered against a volatile environment driven by the ongoing COVID-19 pandemic, labour challenges, and floods in New South Wales and Queensland that placed further pressure on the operating environment. It also included the outbreak of war in Ukraine, which impacted global fuel and feed prices.

Despite these challenges, our leadership team demonstrated an enduring commitment to leading with care. We focused on keeping our people safe and being agile in our operations to continue to deliver quality products to our customers. The success of our Safety for Life program helped us to exceed our targets in reducing injuries. We also exceeded our food safety targets as part of our Product Pride program. Both programs continue to deliver year-on-year reductions.

Our statutory results included:

- increasing Revenue by 1.7% to $2.7 billion;
- decreasing Earnings Before Interest Taxes, Depreciation and Amortisation (EBITDA) by 16.6% to $370.4 million;
- decreasing Net Profit after Tax by 57.9% to $35.1 million; and
- decreasing Earnings Per Share (basic) by 57.9% to 9.45 cents per share.

Operating as an essential service providing quality food to our customers, we kept our frontline people employed. We did not require or receive any JobKeeper payments in Australia during the pandemic. In New Zealand, we did not receive JobKeeper-style payments. However, we did pass through a government subsidy to our people for sick leave. This supported them to stay at home and adhere to government guidance.

The refreshed Ingham's Way – purpose, ambition, values and behaviours – was designed with an inclusion lens to support our journey to a more constructive culture. Our values and behaviours help us to make better decisions, to achieve better outcomes and achieve our strategy. We remain focused on investing in our people to maintain and grow our team's capacity and capability. While the effects of Omicron significantly impacted progress this year, we expect momentum to return to our investment in our people activities in 2023.

FY22 REMUNERATION OUTCOMES – SHORT-TERM INCENTIVE PLAN (STIP) AND LONG-TERM INCENTIVE PLAN (LTIP)

In FY22, we undertook a thorough benchmarking process to assess KMP remuneration. The Board determined no increases to Total Fixed Remuneration (TFR) for the CEO/MD and the CEO, NZ. The TFR for the CFO increased by 6.6% to better align to benchmarking market data for this role. For further information on TFR see page 94.

In the context of company performance, the STIP Balanced Scorecard outcome for FY22 was not achieved, due to the financial gate not being achieved. As a result, the individual final STIP outcome for Executive KMP was zero, forfeiting all of their FY22 STIP, circa $1.4 million at Target and circa $2.1 million at Maximum for the CEO/MD and CFO combined. This is in line with our remuneration framework and policies. The Board did not exercise their discretion to alter the STIP outcome. For further information on the STIP outcomes see page 98.

The FY20-FY22 LTIP did not vest. Of the Earnings Per Share (EPS) tranche, 0% vested. The lapsed face value for the CFO is circa $0.5 million. As Ingham's was positioned at the 20th percentile against its comparator group for Total Shareholder Return (TSR), none of the Relative TSR measure vested. For further information on individual Executive KMP see page 101.

The Board fees remained unchanged in FY22.

FY23 ONWARDS INCENTIVE PLANS – FINANCIAL MEASURES AND AASB 16

For FY22, Ingham's financial results have been provided in both a pre AASB 16 and post AASB 16 formats. Consistent with previous years, both the FY22 STIP and FY22-FY24 LTIP have financial measures based on pre AASB 16 financial outcomes. In FY23, we will align our measures to post AASB 16 financial results and continue to disclose both pre and post AASB 16 financial results.

We could not make this change earlier due to the substantial complexity of selecting the most appropriate financial measures to make the change. The Board reviewed a thorough analysis and modelling to ensure that any changes to the performance measures best aligned with company and shareholder value creation.

In FY23, the STIP financial measure and gate will move from EBITDA pre AASB 16 to EBIT post AASB 16. The Core Volume Sales Growth measure is to remain unchanged for FY23. However, it will be removed for FY24. The gate only applies to the STIP financial measures.

The FY23-FY25 LTIP ROIC will move from pre AASB 16 to post AASB 16. The strategic, network and capital plans that underpin our ROIC target are being updated in light of the business challenges highlighted in this report. The Board will then consider the impact of the new plan and budgeted ROIC targets to ensure that the target provides enough stretch to motivate and challenge participants and delivers the expected long-term profitable growth.

The Board believes management will be neither advantaged nor disadvantaged by adopting this approach.

The table below shows the proposed FY23 and intended FY24 STIP scorecard.

METRIC		FY22		FY23		ILLUSTRATION FY24
Financial, EBITDA (pre AASB 16)	Gate	60%	Gate	–	Gate	–
Financial, EBIT (post AASB 16)		–		60%		60%
Core Volume Sales Growth		20%		20%		0%
People Safety		10%				
Food Safety		10%				
ESG (non-financials):						
Environment 1: TBC		–	Modifier	–	Modifier	10%
Environment 2: TBC		–		–		10%
Social: People safety		–		10%		10%
Social: Food safety		–		10%		10%
Total		**100%**		**100%**		**100%**

INCENTIVE PLANS – ESG ON TRACK FOR FY24

Ingham's includes Environmental, Social and Governance (ESG) incentive measures to support the Company's commitment to delivering its ESG strategy. For FY23, People Safety and Food Safety will fall under the ESG (non-financial) measures. The gate will not apply to the ESG measures, however the measures will remain subject to the safety modifiers. In the event of a significant people or food safety incident, which is within management's control, the STIP payout on the safety metrics may be reduced to nil.

OUR REMUNERATION STRATEGY SUPPORTS INGHAM'S BUSINESS STRATEGY

The Board continues to govern Ingham's remuneration strategy and structure to align to shareholders' interests with incentives to create value for the Company over the short, medium, and long-term. This structure includes an equity component that fosters a business-ownership approach. It is underpinned by good governance, consultation with key stakeholders and alignment with the Company's business strategy.

In FY22, we adopted a minimum shareholding requirement where Non-Executive Directors need to hold a minimum shareholding of 100% of their Board fees, the CEO/MD needs to hold a minimum of 100% of TFR and other KMP 50% of TFR. The minimum shareholding will need to be achieved after five years and we expect significant progress by the end of three years.

The Board is aware of the competitive external labour market and the increasing frequency with which high performing people are approached by other organisations. The Board is committed to retaining our executive leadership talent. The Board recognises the importance of retaining the CEO/MD and CFO in delivering improved returns to shareholders as the business cycles out of these challenging times.

To ensure stability in delivering against our business strategy through the retention of our CEO/MD and CFO, we seek to grant a one-off performance rights award up to 80% of TFR. This will be subject to performance conditions measured against Absolute TSR over three years and held for one further year, with additional individual performance clawbacks. The grant price will be determined using a 10-day VWAP following the announcement of the FY22 results. Any rights that vest will be shares purchased on market.

The Absolute TSR performance scorecard will have a minimum hurdle of 10% p.a. At this level of performance, 30% of the award will vest. A straight-line vesting between 30% of the award and 100% of the award as maximum, occurs when the stretch performance target of 20% p.a. or greater is achieved. These targets support the position that sustained Absolute TSR performance needs to be achieved before vesting occurs. For illustration purposes only, the expected share price at 3 years for threshold and stretch Absolute TSR performance using an assumed grant share price of $3.00 and historical dividend yield of 4% p.a. would be $3.57 and $4.68 respectively. For the CEO/MD retention we will seek shareholder approval prior to granting this award.

On behalf of the Board, we invite you to read our report. We look forward to receiving your feedback at the Annual General Meeting (AGM).

Yours faithfully,

Helen Nash
Chair, People & Remuneration Committee

REMUNERATION REPORT – AUDITED

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REMUNERATION REPORT – AUDITED (CONTINUED)

1. Remuneration report overview

The Remuneration Report has been audited as required by section 308 (3c) of the *Corporations Act 2001*.

This Report covers Non-Executive Directors and Executive Key Management Personnel (KMP) of Ingham's who are responsible for determining and executing the business strategy. The Executive KMP comprises the Chief Executive Officer and Managing Director (CEO/MD), Chief Financial Officer (CFO) and Chief Executive Officer, New Zealand (CEO, NZ) as well as Non-Executive Directors.

Executive KMP are authorised and responsible for planning, directing and controlling Ingham's activities, directly or indirectly, including any director (whether executive or otherwise) of Ingham's.

The table below outlines the Non-Executive Directors of Ingham's and any movement during FY22.

NAME	POSITION	TERM
Non-Executive Directors		
Peter Bush	Non-Executive Chair	Full financial year
Rob Gordon	Non-Executive Director	Full financial year
Michael Ihlein	Non-Executive Director	Full financial year
Timothy Longstaff	Non-Executive Director	From 20 January 2022
Jackie McArthur	Non-Executive Director	Full financial year
Helen Nash	Non-Executive Director	Full financial year
Linda Bardo Nicholls AO	Non-Executive Director	Full financial year
Robyn Stubbs	Non-Executive Director	From 20 January 2022

The table below outlines the Executive KMP of Ingham's and any movement during FY22.

CURRENT EXECUTIVE KMP	POSITION	TERM AS EXECUTIVE KMP
Executive Director		
Andrew Reeves	CEO/MD	Full financial year
Senior executives		
Jonathan Gray	CEO, NZ	Full financial year[1]
Gary Mallett	CFO	Full financial year

(1) Jonathan Gray resigned and left Ingham's on 1 July 2022. The role of CEO, NZ has been reclassified and will no longer be a KMP role going forward.

2. How remuneration is governed

A. Remuneration decision making

The Board, People and Remuneration Committee, Executive KMP and Management work together to apply our Remuneration Governance Framework (see below) and ensure our strategy supports sustainable shareholder value. Our Framework is designed to support our purpose, ambition, values and behaviours that underpin our strategy and long-term approach to creating value for our shareholders, customers and the community.

Ingham's has several policies that govern the framework and promote responsible management and conduct. These policies include an Inclusion and Diversity Policy, Code of Conduct Policy, Continuous Disclosure Policy and Securities Dealing Policy. Further information is available at: http://investors.Inghams.com.au.

Membership of the People & Remuneration Committee during the period 27 June 2021 to 25 June 2022 included the following five independent Non-Executive Directors and chaired by an independent Non-Executive Director for the whole year:

- Helen Nash — Independent Non-Executive Committee Chair
- Linda Bardo Nicholls AO — Independent Non-Executive Committee Member
- Jackie McArthur — Independent Non-Executive Committee Member
- Michael Ihlein — Independent Non-Executive Committee Member
- Robyn Stubbs — Independent Non-Executive Committee Member

The Committee's Charter allows the Committee access to specialist external advice about remuneration structure and levels and is utilised periodically to support the remuneration decision making process.

REMUNERATION REPORT – AUDITED (CONTINUED)

2. How remuneration is governed (continued)

Diagram: Remuneration Governance Framework

INGHAM'S BOARD

- Responsible for the remuneration strategy and outcomes for executives and Non-Executive Directors.
- Reviews and approves recommendations from the People and Remuneration Committee.
- Approves the appointment of Non-Executive Directors.

PEOPLE AND REMUNERATION COMMITTEE

- Five Non-Executive Directors, all of whom are independent, including the Chair of the Committee, make recommendations to the Board on remuneration strategy, governance and policy for executives and Non-Executive Directors.
- Key responsibilities of the Committee are:
  - **01.** Approve major changes and developments in the remuneration policies and superannuation arrangements for the Group.
  - **02.** Approve the appointment of remuneration consultants for the purposes of the *Corporations Act 2001*.
  - **03.** Take appropriate action to ensure the Committee, Board and management have available to them sufficient information and external advice to ensure informed decision making regarding remuneration.
  - **04.** Review and recommend to the Board the Remuneration Report prepared in accordance with the *Corporations Act 2001* for inclusion in the annual Directors' Report.
  - **05.** Oversee and recommend to the Board an equitable, consistent and responsible reward approach – including incentive targets for achieving remuneration outcomes – have regard to the performance of Ingham's, the performance of the executives and the general pay environment.

NOMINATION COMMITTEE

- Develops and implements a process to evaluate the performance of Non-Executive Directors.
- Leads process to appoint Non-Executive Directors.

INDEPENDENT EXTERNAL CONSULTANTS

- Provide external independent advice, information and recommendations relevant to remuneration decisions where required.
- Provided benchmarking data on executive remuneration to the People and Remuneration Committee.
- Advisors do not provide a remuneration recommendation as defined in Section 9B of the *Corporations Act 2001* and Advisors did not provide a remuneration recommendation for FY22.

CEO/MD AND CHIEF PEOPLE OFFICER

Provides information to the People and Remuneration Committee for the Committee to recommend:

- **01.** Incentive targets and outcomes.
- **02.** Remuneration Policy.
- **03.** Short and long-term incentive participation eligibility.
- **04.** Individual remuneration and contractual arrangements for executives.

REMUNERATION REPORT – AUDITED (CONTINUED)

3. Overview of company performance

Overview of company performance

UNDERLYING EBITDA[1]
$135.2M
IN FY22

UNDERLYING NPAT
$56.9M
IN FY22

TSR
–23.01%
FROM FY20 TO FY22

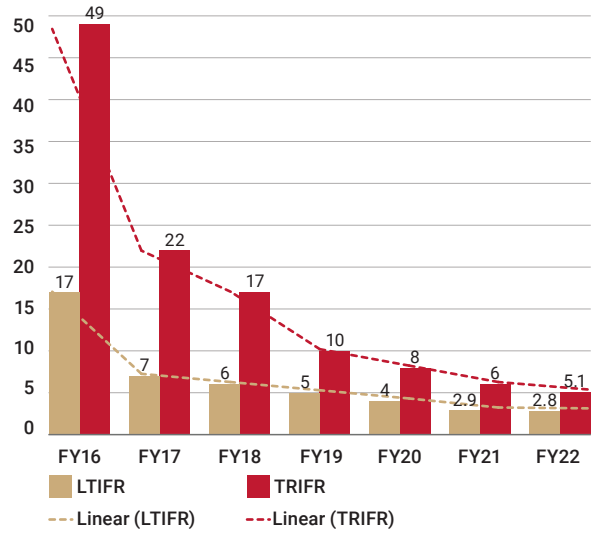
	FY22 STATU-TORY	FY22 UNDER-LYING[1]	FY21 STATU-TORY	FY21 UNDER-LYING[1]	FY20 STATU-TORY	FY20 UNDER-LYING[1]	FY19 STATU-TORY	FY19 UNDER-LYING[1]	FY18 STATU-TORY	FY18 UNDER-LYING[1]
Revenue ($'000)	2,713,100	2,713,100	2,668,800	2,668,800	2,555,300	2,555,300	2,489,800	2,487,800	2,373,900	2,341,400
EBITDA ($'000)	370,400	135,200	443,900	209,600	387,800	179,700	242,200	208,600	212,000	202,700
Profit after tax ($'000)	35,100	57,100	83,300	101,200	40,100	78,800	126,200	103,200	114,600	108,000
Dividends per year (cents per share)	7.0	7.0	16.5	16.5	14.0	14.0	19.5	19.5	21.1	21.1
Return of capital (cents per share)	–	–	–	–	–	–	33.0	33.0	–	–
Movement in share price post-IPO (cents per share)[2]	(53.0)	–	84.0	–	5.0	–	87.0	–	67.0	–

(1) Underlying pre AASB 16 excludes AASB 16 impact, the profit or loss on sale of assets, impairment, business transformation and restructuring charges. The above-mentioned items have been tax effected to determine an underlying Net Profit after Tax (NPAT) to allow shareholders to make a meaningful comparison of the Group's underlying NPAT performance against prior year.

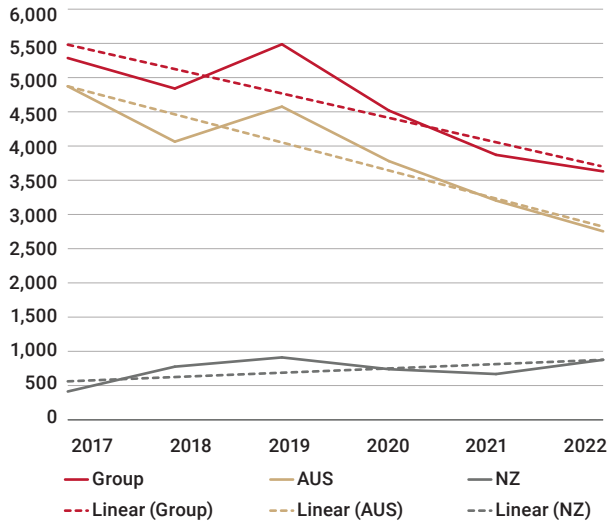
(2) Movement in share price is calculated by taking the last price of the current financial year since the initial public offering price of 3.15.

Non-financial company performance

Year-on-year LTIFR and TRIFR (unaudited)



Customer complaints FY17 – FY22 (unaudited)



REMUNERATION REPORT – AUDITED (CONTINUED)

3. Overview of company performance (continued)

Five-year Total Shareholder Return (TSR) Performance (unaudited)

3.1 Actual Remuneration Table (non-statutory)

The remuneration earned by each Executive KMP in FY22 and FY21 are set out below. This information is relevant as it provides shareholders with a view of the remuneration 'paid or vested' to executives in FY22 for performance. This information has not been prepared in accordance with the accounting standards and differs from the statutory tables presented on pages 103 to 104.

	YEAR	FIXED REMUN-ERATION[1] $000	STIP PAID[4] $000	TOTAL CASH $000	OTHER SHORT-TERM BENEFITS[2] $000	STIP VESTED[6] $000	LTIP VESTED[3] $000	TOTAL ACTUAL REMUN-ERATION $000
CEO/MD								
Andrew Reeves[5]	2022	1,100	88	1,188	22	–	–	1,210
	2021	287	–	287	–	–	–	287
KMP Senior Executives								
Gary Mallett	2022	644	162	806	–	45	–	851
	2021	610	45	655	–	–	–	655
Jonathan Gray	2022	548	132	680	–	51	42	773
	2021	550	52	602	271	–	50	923
Total Actual 'Paid' Remuneration	**2022**	**2,292**	**382**	**2,674**	**22**	**96**	**42**	**2,834**
	2021	**1,447**	**97**	**1,544**	**271**	**–**	**50**	**1,865**

(1) Fixed remuneration entitlements include salary, superannuation, annual leave and sick leave entitlements.

(2) Other short-term benefits include a company provided motor vehicle for the CEO/MD valued at $22,000. Jonathan Gray's FY21 benefit reflects a relocation benefit of NZ $281,000 for Jonathan Gray moving to New Zealand urgently at the Company's request that includes selling costs and loss in value upon the sale of his Australian home.

(3) LTIP vested represents the portion of the grant date fair value of share rights vested. The amount recognised is adjusted to reflect the expected number of instruments that will vest for non-market based performance conditions. No adjustment for non-vesting is made for failure to achieve the relative TSR performance hurdle, as this is taken into account in the fair value at grant date.

(4) STIP paid during the financial year. The amount disclosed for FY22 reflects the STIP paid in FY22 for FY21 performance.

(5) Andrew Reeves' FY21 fixed remuneration excludes $121,000 in Board fees and $12,000 in Superannuation for the period he served as a Non-Executive Director.

(6) STIP vested represents the total value of deferred STIP rights in FY22 vested for FY20 performance.

REMUNERATION REPORT – AUDITED (CONTINUED)

4. Overview of executive remuneration

A. How we determine executive remuneration policies and structures

The Remuneration Governance Framework is designed to attract, motivate and retain high performing executives. The remuneration for Executives, including Executive KMP, is set on appointment to the role and reviewed annually. We set both fixed and total remuneration by considering a range of factors including experience, capabilities and performance in the role, relevant market data, talent availability and the role's impact. The variable components of Executive remuneration are closely linked to successful execution of strategic objectives, balancing delivery in both the short and long term and linking pay primarily to shareholder interests. The key principles supporting Ingham's remuneration framework are:

PRINCIPLE	OBJECTIVE	APPLICATION
Competitive remuneration	Reward Executives competitively for their contributions to Ingham's success, ensuring consistency with shareholder, community and consumer expectations.	• Total remuneration is based on the Executive's capabilities and experience. • Remuneration is benchmarked against appropriate peer companies and independent remuneration data from a variety of sources. • The Board approves recommendations on total remuneration packages.
Performance driven	Executives are rewarded for achieving business outcomes that support sustainable growth in shareholder wealth only when this is achieved through the expected behaviours.	• Variable rewards are intended to provide a robust link between remuneration outcomes and key drivers of long-term shareholder value. • Variable rewards are designed to motivate strong performance against short-term and long-term performance objectives.
Behaviour driven	Executives are rewarded for Ingham's performance when the manner in which this performance is achieved is aligned with Ingham's purpose, values and expected behaviours. Only when we achieve our results through these expected behaviours will Ingham's fully realise its strategic objectives.	• An Individual Multiplier has been applied to the STIP award to ensure the behaviours of each executive are driven to create strong, sustainable performance for both the Company and shareholders. Our four values and twelve behaviours also help us to make better decisions, to achieve better outcomes and achieve our strategy. • All incentive awards are subject to malus and claw-back provisions to ensure that no rewards are received by Executives where the outcomes are materially misaligned with our values, code of conduct or other circumstances detailed on page 65.

B. Our executive remuneration principles, policies and structures

Remuneration Principles

- Contribute to Ingham's key strategic business objectives and desired business outcomes.
- Align the interest of employees with those of shareholders.
- Assist in attracting and retaining employees required to execute the business strategy by providing competitive remuneration and benefits.
- Manage risks in rewarding desired behaviours and balance of short and long-term focus.
- Support Ingham's high-performance culture driven by desired leadership behaviours.
- Develop an ownership mindset.
- Be simple, clear and easily understood.

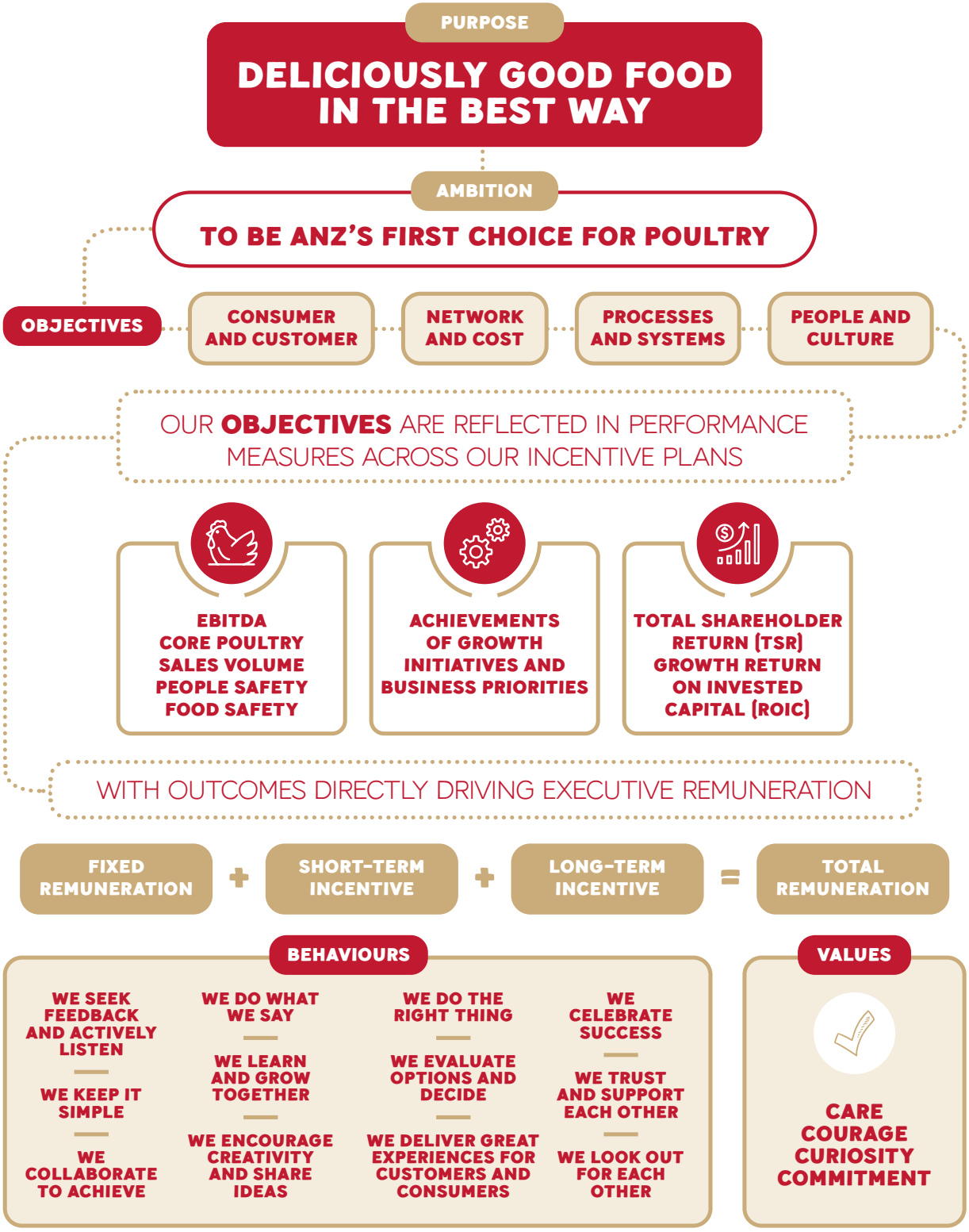
Ingham's Executive remuneration consists of TFR, short-term incentives (with a deferral to rights component) and long-term incentives in the form of performance rights.

Non-Executive Directors do not have a variable performance related component to their remuneration, hence none of their remuneration is at risk.

REMUNERATION REPORT – AUDITED (CONTINUED)

4. Overview of executive remuneration (continued)

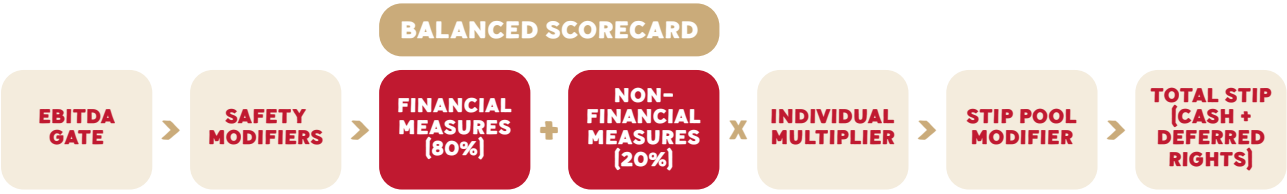
Diagram: Ingham's remuneration strategy and framework



REMUNERATION REPORT – AUDITED (CONTINUED)

4. Overview of executive remuneration (continued)

FY22 Short-term incentive plan



FY22-FY24 Long-term incentive plan

Diagram: Fixed to variable remuneration mix

The graphs below set out the remuneration mix for the CEO/MD and Executives at Ingham's in FY22, illustrating the fixed and variable proportions of remuneration at target and maximum levels.

KMP remuneration mix at target

	TFR 36.4%	STIP 36.4%		LTIP 27.2%
CEO/MD		50% Cash	50% Deferred rights	Performance rights
	TFR 54.1%	STIP 27.0%		LTIP 18.9%
CFO		70% Cash	30% Deferred rights	Performance rights
	TFR 54.1%	STIP 27.0%		LTIP 18.9%
CEO, NZ		70% Cash	30% Deferred rights	Performance rights

KMP remuneration mix at maximum

	TFR 25.0%	STIP 37.5%		LTIP 37.5%
CEO/MD		50% Cash	50% Deferred rights	Performance rights
	TFR 40.8%	STIP 30.6%		LTIP 28.6%
CFO		70% Cash	30% Deferred rights	Performance rights
	TFR 40.8%	STIP 30.6%		LTIP 28.6%
CEO, NZ		70% Cash	30% Deferred rights	Performance rights

5. Executive remuneration framework and outcomes

Total Fixed remuneration (TFR)

TFR is comprised of base salary, salary sacrificed items and employer superannuation contributions, in line with statutory obligations.

TFR is reviewed annually taking into consideration:

- performance and experience in role;
- organisational level;
- role and responsibilities;
- impact on the business;
- commercial outputs;
- market benchmarking;
- recognition of desired behaviours; and
- risk management.

REMUNERATION REPORT – AUDITED (CONTINUED)

5. Executive remuneration framework and outcomes (continued)

In FY22, there was a thorough benchmarking process undertaken to assess KMP remuneration. The Board determined there would be no increases to TFR for the CEO/MD and the CEO, NZ. For the CFO, an increase of 6.6%, effective 1 September 2021, was awarded to better the position against the benchmarking market data.

INCUMBENT	POSITION	FY21 TFR	FY22 TFR	% CHANGE FROM FY21 TO FY22
Andrew Reeves	CEO/MD	$1,100,000 (Pro-rata for time in role)	$1,100,000	0%
Jonathan Gray	CEO, NZ	$550,778[1] NZ $583,825	$545,631[2] NZ $583,825	(0.3%)
Gary Mallett	CFO	$610,000	$650,000	6.6%

(1) 2021 remuneration is reported in AUD based on the 12-month average historic foreign exchange rates for FY21 being NZ $1.06 (NZ $583,825).

(2) 2022 remuneration is reported in AUD based on the 12-month average historic foreign exchange rates for FY22 being NZ $1.07 (NZ $583,825) Jonathan Gray's remuneration from FY21 to FY22 remained unchanged in NZD, with any fluctuations year-on-year subject to currency conversion.

Short-Term Incentive Plan (STIP)

The STIP provides the Executive KMP and other senior members of the management team a cash or cash/equity incentive where specific outcomes have been achieved in the financial year. STIP payments are calculated as a percentage of total TFR, as per contractual arrangements and conditional on achieving performance objectives against key financial measures (underlying pre AASB 16 EBITDA and Core Poultry Sales Volume Growth), two non-financial measures (People Safety and Food Safety), and the individuals overall performance to the achievement of our group strategic objectives.

Key features of the FY22 STIP

TERM	DESCRIPTION
Objective	To reward participants for achieving strategic business objectives in a manner consistent with our purpose, ambition, values and behaviours.
Participants	Executive KMP and invited senior management.
Performance period	Financial year ended 25 June 2022.
Opportunity	**EXECUTIVE KMP** / **ON TARGET** / **MAXIMUM** CEO/MD: 100% of TFR / 150% of TFR CEO, NZ: 50% of TFR / 75% of TFR CFO: 50% of TFR / 75% of TFR
Gate	For any STIP payment to be made, the financial threshold level of performance (underlying EBITDA pre AASB 16) must be met.
Modifiers	In the event of a significant people safety or food safety incident within management's control, (e.g. death, major injury, major loss of plant, consumer recall, etc.) the STIP payout on the safety metrics may be reduced to nil for all participants (20% of total balanced scorecard payout reduced to nil). Board retains discretion to make further adjustments to STIP payout based on individual accountability. To ensure any payout remains fully funded, the STIP pool modifier allows STIP payouts to be adjusted to remain within the available pool.

REMUNERATION REPORT – AUDITED (CONTINUED)

5. Executive remuneration framework and outcomes (continued)

TERM	DESCRIPTION
Financial measures (80% of balanced scorecard)	Ingham's financial performance is measured by the Group's underlying EBITDA (pre AASB 16) and Core Poultry Sales Volume growth. Underlying pre AASB 16 EBITDA has been assessed as the most suitable measure of financial performance for the STIP historically due to its expected alignment to the generation of cash earnings for Ingham's and its shareholders. This is supported by the Core Poultry Sales Volume measure. Our underlying pre AASB 16 EBITDA (60%) performance is measured at four levels:

	FULL YEAR TARGET	% OF TARGET STIP
Below Threshold	<$216.6M	0%
Threshold	$216.6M	30%
Target	$228.0M	100%
Maximum	$250.8M	120%

Our Core Poultry Sales Volume growth (20%) performance is measured at three levels.

	FULL YEAR TARGET	% OF TARGET STIP
Below Target	<3.0% increase	0%
Target	Increase of 3.0%	100%
Maximum	Increase of 3.5%	120%

Non-financial measures (20% of balanced scorecard)

The Board reviews the performance objectives against non-financial measures as these are key contributors to short-, medium- and long-term sustainable value creation for both the Company and shareholders. The non-financial measures ensure the business prioritises community and consumer expectations for ensuring the safety of our employees and our products and to maintain our reputation as a high-quality food producer.

People safety

The safety of our people across the business, be it Ingham's employees or contractors, is paramount to ensure we are conducting our business in the most ethical community-focused way. A safe and healthy workplace not only protects workers from injury and illness, it can also lower injury/illness costs, reduce absenteeism and turnover, increase productivity and quality, and raise employee morale.

Our Group TRIFR (total recordable injury frequency rate being the number of lost time injuries requiring treatment by a medical professional per million hours worked) Year-On-Year (YOY) Reduction (10%) performance is measured at two levels.

	FULL YEAR TARGET	% OF TARGET STIP
Target	7% reduction or a TRIFR of 5.6	100%
Maximum	13% reduction or a TRIFR of 5.2	120%

REMUNERATION REPORT – AUDITED (CONTINUED)

5. Executive remuneration framework and outcomes (continued)

TERM	DESCRIPTION
Non-financial measures (20% of balanced scorecard) (continued)	**Food safety** Complaint reduction is a cross-organisational responsibility; not just quality and operations. Complaints have been selected as the STIP measure being an indicator of direct impact to business performance including legal, reputational and financial implications, and to ensure that all facets of the business contribute to and are invested in a successful outcome. Our Customer Complaints YOY Reduction (10%) performance is measured at two levels.

	FULL YEAR TARGET	% OF TARGET STIP
Target	10% reduction or a CPmKg of 4.49	100%
Maximum	15% reduction or a CPmKg of 4.24	120%

Individual multiplier

This multiplier serves to link an individual's overall performance to the achievement of our group strategic objectives (Balanced Scorecard) by an executive behaving in line with our purpose, ambition, values and behaviours. Leading the business as a senior executive at Ingham's is about not only an individual's contribution to business performance and leading through the right behaviours. Our Leaders behaviour drives our culture and the right behaviours drive enhanced business performance.

Multiplier

RATING	% APPLIED TO BALANCE SCORECARD OUTCOME
Straight line vesting from threshold performance to significant outperformance	0%-125%

The Individual Multiplier enables an Executive to achieve the maximum opportunity of the award, as without this, the maximum award an executive can receive is 120% of the target. The multiplier acts in a way that can both increase or decrease the total final award. Any Individual Multiplier below 100% of target will decrease the total award, while the inverse is also true. Three examples of how the multiplier works are provided below:

1. 100/120 scorecard outcome is multiplied by a 125/125 Individual Multiplier outcome = final outcome of 83% of maximum.
2. 100/120 scorecard outcome is multiplied by a 75/125 Individual Multiplier outcome = final outcome of 50% of maximum.
3. 40/120 scorecard outcome is multiplied by a 75/125 Individual Multiplier outcome = final outcome of 20% of maximum.

In the first two circumstances, the scorecard outcome remains the same, however, the Individual Multiplier determines the final quantum of the STIP award.

Any final STIP award is subject to the performance gates, the balanced scorecard outcome and modifiers before taking these calculations into consideration.

Deferral

50% of CEO/MD and 30% of other KMP payouts will be deferred into rights for 12 months subject to a 12-month service condition.

The deferred component supports increased share ownership and is a risk management lever to facilitate Malus policy application during the deferral period. An amount of 25% of any vested equity award will need to be held for any relevant KMP until the minimum shareholding requirement is met. Minimum shareholder requirements are details on page 106.

REMUNERATION REPORT – AUDITED (CONTINUED)

5. Executive remuneration framework and outcomes (continued)

TERM	DESCRIPTION
Payment method	CEO/MD = 50% is paid as cash and the other 50% is awarded as Inghams Group Limited rights. Other KMP = 70% is paid as cash and the other 30% is awarded as Inghams Group Limited rights. Rights are deferred for a period of 12 months from the STIP payment date, 15 September 2022. Following the deferral period, the rights convert into Inghams Group Limited ordinary shares. Deferred rights are grants which are not subject to any further performance conditions except continuous employment. The rights will vest on 15 September 2023 and the fair value on the deferred rights is calculated as the market price of Ingham's shares traded on the ASX on grant date of the deferred rights. The rights carry no voting or dividend rights. Shares once allocated carry the same voting and dividend rights as all other Inghams Group Limited ordinary shares.
Quantum of Rights	The final number of Rights awarded to each participant is calculated by dividing the face value of the deferred portion of their STIP award by the volume weighted average price (VWAP) of Ingham's shares traded on the ASX in the 10 days after 19 August 2022. (i.e. the announcement of Ingham's FY22 annual results.)
Discretion	At all times, the Board may exercise discretion on STIP payments. Discretion will only be applied in a manner that aligns the experience of both the Company and shareholders. Any discretion applied will be disclosed and explained in the Remuneration Report.
Cessation of employment	The following are circumstances where the Rights will be lapsed or forfeited, unless the Board determines otherwise: • where employment ends before the completion of the deferral period; or • where a notice of resignation is given before the completion of the deferral period, even where employment will end after the completion of the deferral period; or • if while during employment it is found that an employee has engaged in any misconduct, or serious breach of policy, or conduct that brings Ingham's into disrepute, including where such conduct is discovered post the ending of employment and prior to the date the shares are awarded; or • any other circumstance which in the Board's judgement warrants the Rights to be lapsed or forfeited. Where an Executive's exit is related to any other reason (e.g. retrenchment, retirement or death), the Executive remains eligible on a pro-rata basis where applicable (unless the Board determines otherwise) to be considered for a STIP award with regard to actual performance against performance measures (as determined by the Board in the ordinary course following the end of the performance period).

REMUNERATION REPORT – AUDITED (CONTINUED)

5. Executive remuneration framework and outcomes (continued)

STIP outcomes for FY22

In determining the Executive remuneration outcomes this year and how these outcomes will be delivered, the Board has considered the needs and expectations of various stakeholders, the business performance and the efforts undertaken by management to continue to trade through a year of extraordinary challenge. The Board has not exercised discretion on the STIP outcomes for FY22.

FY22 Balanced Scorecard Outcome

TYPE OF PERFORMANCE MEASURE AND WEIGHTING AT TARGET	KMP PERFORMANCE MEASURE		TARGETS	FY22 ACTUAL PERFORMANCE	SCORECARD OUTCOME
Group Financial **80% of balanced scorecard**	Group underlying EBITDA (pre AASB 16) **(60%)**		Threshold = $216.6M Target = $228.0M Maximum = $250.8M	Group underlying EBITDA (pre AASB 16) = $135.2M	0% outcome against the target and maximum STIP performance levels
	Core Poultry Sales Volume Growth **(20%)**		Target = increase of 3.0% Maximum = increase of 3.5%	Core Poultry Sales Volume Growth of 4.2% was achieved (140% of target)	Maximum outcome achieved for Core Poultry Sales Volume Growth, however Gate not achieved resulting in 0% outcome
Non-Financial Strategic Goals include **20% of balanced scorecard**	Safety	People Safety (TRIFR) **(10%)**	Target = TRIFR of 5.6 Maximum = TRIFR of 5.2	TRIFR of 5.1	Maximum outcome achieved for People Safety, however Gate not achieved resulting in 0% outcome
		Food Safety (Customer Complaints) **(10%)**	Target = CPmKg of 4.49 Maximum = CPmKg of 4.2	Customer complaints or a CPmKg of 4.07	Maximum outcome achieved for Food Safety, however Gate not achieved resulting in 0% outcome

Overall FY22 STIP Outcome Calculation

For the KMP detailed below, the Board assessed that the results for both individual performance and behaviours for Andrew Reeves and Gary Mallett resulted in a 100% out of a maximum of 125% outcome for the Individual Multiplier. Jonathan Gray resigned during the performance year, as a result was not assessed for performance and behaviours, and is no longer eligible for incentives.

EXECUTIVE KMP	SCORECARD OUTCOME (% OF THE MAXIMUM SCORE)	INDIVIDUAL MULTIPLIER (% OF THE MAXIMUM SCORE)	OVERALL INDIVIDUAL STIP OUTCOME (APPLIED AGAINST MAXIMUM STIP)	OVERALL INDIVIDUAL STIP OUTCOME AS A % OF TFR
Jonathan Gray	0/120 = **0%**	n/a	**0%**	**0% of TFR** awarded out of a **maximum of 75% of TFR**
Gary Mallett	0/120 = **0%**	100/125 = **80%**	0% multiplied by 80% = **0%**	**0% of TFR** awarded out of a **maximum of 75% of TFR**
Andrew Reeves	0/120 = **0%**	100/125 = **80%**	0% multiplied by 80% = **0%**	**0% of TFR** awarded out of a **maximum of 150% of TFR**

REMUNERATION REPORT – AUDITED (CONTINUED)

5. Executive remuneration framework and outcomes (continued)

FY22 STIP Awarded

EXECUTIVE KMP	STIP TARGET – $	STIP MAXIMUM – $	TOTAL STIP AWARDED – $	STIP CASH AWARDED – $	STIP RIGHTS AWARDED – $[1]	FORFEIT AGAINST STIP MAXIMUM – $	FORFEITED % AGAINST STIP MAXIMUM
Jonathan Gray	271,479	407,219	–	–	–	407,219	100.00%
Gary Mallett	325,000	487,500	–	–	–	487,500	100.00%
Andrew Reeves	1,100,000	1,650,000	–	–	–	1,650,000	100.00%

(1) The estimated number of rights is calculated by dividing the face value of their award by the volume weighted average price (VWAP) of Ingham's shares traded on the ASX in the 10 days after grant date.

Long-Term Incentive Plans

FY22-FY24 LTIP Offer

The FY22-FY24 LTIP was approved at the 2021 AGM. The below table outlines the key terms of the Offer:

Eligibility to participate in LTIP Offer	Offers may be made at the Board's discretion to employees of the Inghams Group or any other person the Board determines to be eligible to receive a grant under the Plan. The FY22-FY24 LTIP Offer has been made to the following current KMP: • Andrew Reeves (CEO/MD), (150% of TFR at Maximum) • Jonathan Gray (CEO, NZ), (70% of TFR at Maximum) • Gary Mallett (CFO), (70% of TFR at Maximum)
Offers under the plan	The LTIP Offer is a grant of performance rights.
Grant of Rights	A Right entitles the participant to acquire a share for nil consideration at the end of the performance period, subject to meeting specific performance conditions. The Board retains the discretion to make a cash payment to participants on vesting of the Rights in lieu of an allocation of shares.
Quantum of Rights	The aggregate face value at maximum of the LTIP Offer to all participants (Executive KMP and Senior Management) is $6.7 million. The final number of Rights awarded to each participant was calculated by dividing the face value of their LTIP award by $4.0408, being the volume weighted average price (VWAP) of Ingham's shares traded on the ASX in the 10 days after 20 August 2021. (i.e. the announcement of Ingham's FY21 annual results).
Performance period	3 years, commencing on 27 June 2021 and ending on or about 1 July 2024.
Performance conditions	**Relative TSR (50% of Award)** For this component, the Company's relative TSR will be compared to a comparator group comprising the ASX Small Ordinaries and vest according to the following schedule:

COMPANY'S RELATIVE TSR RANK IN THE COMPARATOR GROUP OVER PERFORMANCE PERIOD	% OF RIGHTS THAT VEST
Less than 50th percentile	Nil
At 50th percentile (threshold)	50%
Between 50th and 75th percentile	Straight line pro rata Vesting between 50% and 100%
At 75th percentile or above	100%

REMUNERATION REPORT – AUDITED (CONTINUED)

5. Executive remuneration framework and outcomes (continued)

Performance conditions (continued)

Return on invested capital (50% of award)

For this component, the Company's Underlying Return on Invested Capital pre AASB 16 ("ROIC") will be calculated as the equivalent of net operating profit after tax divided by average invested capital. The Company's ROIC for each of the three years forming the performance period will be averaged to provide an overall outcome, with ROIC performance targets set out below (rather than retrospectively), following shareholder feedback.

The Board reserves discretion to make adjustments to ROIC in exceptional circumstances, such as to take account of corporate actions undertaken by the Company.

The level of vesting of this component will be determined according to the following schedule.

COMPANY'S ROIC OUTCOME	% OF RIGHTS THAT VEST
Less than 20.8% p.a.	Nil
At 20.8% p.a.	50%
Between 20.8% p.a. and 24.1% p.a.	Straight line pro rata Vesting between 50% and 100%
At 24.1% p.a. or more	100%

Voting and dividend entitlements

Performance rights granted under the LTIP do not carry dividend or voting rights prior to vesting. Shares allocated upon vesting of performance rights carry the same dividend and voting rights as other Ingham's shares.

Re-testing

Performance will not be re-tested if the performance conditions are not satisfied at the end of the performance period. Any Rights that remain unvested at the end of the performance period will lapse immediately.

Restrictions on Dealing

The Executive KMP must not sell, transfer, encumber, hedge or otherwise deal with performance rights. The Executive KMP will be free to deal with the shares allocated on vesting of the performance rights, subject to the requirements of Ingham's Securities Dealing Policy at that time.

Change of control

Under the Plan rules and the terms of the LTIP awards, the Board may determine in its absolute discretion that some or all of the Executive KMP performance rights will vest on a likely change of control.

In the event of an actual change in the control of the Company then, unless the Board determines otherwise, all unvested performance rights will immediately vest or cease to be subject to restrictions (as applicable) on a pro rata basis based on the portion of the vesting period that has elapsed.

Clawback

Under the Plan rules and the terms of the LTIP awards, the Board has clawback powers which it may exercise if, among other things:

- the Executive KMP has acted fraudulently or dishonestly;
- has engaged in gross misconduct, brought Ingham's, the Inghams Group or any Ingham's group company into disrepute or breached their obligations to the Inghams Group;
- Ingham's is required by or entitled under law or Ingham's policy to reclaim remuneration from the Executive KMP;
- there is a material misstatement or omission in the accounts of an Inghams Group company; or
- the Executive KMP entitlements vest or may vest as a result of the fraud, dishonesty or breach of obligations of any other person and the Board is of the opinion that the performance rights would not have otherwise vested.

REMUNERATION REPORT – AUDITED (CONTINUED)

5. Executive remuneration framework and outcomes (continued)

Cessation of employment	If the participant ceases employment for cause or due to their resignation, unless the Board determines otherwise, any unvested Rights will automatically lapse. The Board has the discretion to designate a "good leaver", whereby Rights will not automatically lapse. In all other circumstances, the Rights will be pro-rated (based on the proportion of the performance period that has elapsed) and remain on foot and subject to the original performance conditions, unless the Board exercises a discretion to treat them otherwise.
Fair value	The fair value of the LTIP offer at grant date was determined using an adjusted form of Black Scholes model for the TSR component. The ROIC component is valued using a discounted cashflow technique. The weighted average grant date fair value of rights granted in the year was $2.58. The model inputs for performance rights granted during the year ended included: (a) Exercise price $Nil (2021: $Nil, 2020: $Nil) (b) Share price at grant date $3.60 (2021: $3.71, 2020: $3.39) (c) Expected price volatility 33% (2021: 33%, 2020: 24-28%) (d) Expected dividend yield 4.6% (2021: 4.3%, 2020: 4.8%) (e) Risk-free interest rate 0.81% (2021: 0.014%, 2020: 0.23%)

LTIP Outcomes during FY22

Performance against LTIP measures

LTIP vesting outcomes

The FY20-FY22 LTIP scheme vested on 25 June 2022. The EPS performance was below threshold and resulted in all EPS-based rights lapsing. The TSR performance was at the 20th Percentile, which resulted in 0.0% of the TSR-based rights vesting.

The total amount that vested is 0.0% of total rights granted.

The details of the outcomes against the relative TSR hurdles is set out below.

Relative TSR Hurdle:

COMPANY'S TSR RANK IN THE RELEVANT COMPARATOR GROUP	% OF RIGHTS THAT VEST
Less than 50th percentile	Nil
At 50th percentile	50%
Between 50th and 75th percentile	Straight line pro-rata vesting between 50% and 100%
At 75th percentile	100%
Outcome	
TSR percentile rank at the 20th percentile	0.0% vesting

The following outcome applies:

EXECUTIVE KMP	LTIP RIGHTS GRANTED	LTIP RIGHTS VESTED	LTIP RIGHTS FORFEITED
Andrew Reeves[1]	–	–	–
Jonathan Gray[2]	118,927	–	118,927
Gary Mallett	133,579	–	133,579

(1) Andrew Reeves joined as CEO/MD on 29 March 2021 therefore was not granted FY20-FY22 LTIP.

(2) Jonathan Gray resigned and his last day was 1 July 2022 forfeiting his LTIP awards.

REMUNERATION REPORT – AUDITED (CONTINUED)

6. Other key information

Executive Employment Agreements

Key terms of the Executive Service Agreements for the CEO/MD and other Executive KMP members are presented in the table below:

EXECUTIVE KMP	POSITION	CONTRACT DURATION	NOTICE PERIOD	TERMINATION PAYMENTS APPLICABLE
Andrew Reeves	CEO/MD	Unlimited	12 months	Up to 12 months fully paid
Jonathan Gray	CEO, NZ	Unlimited	6 months	Up to 6 months fully paid
Gary Mallett	CFO	Unlimited	6 months	Up to 6 months fully paid

Loans to Key Management Personnel – Legacy item

Jonathan Gray received an interest free non-recourse loan to purchase shares in Ingham's under a legacy arrangement. This interest free non-recourse loan has been fully repaid and the ordinary shares have been transferred to the holder as at 25 June 2022.

There are no other loans to KMP.

7. Overview of non-executive director remuneration in FY22

The details of fees paid to Non-Executive Directors in FY22 are outlined in section 8 of this Remuneration Report. Non-Executive Directors' fees were fixed, and they did not receive any performance-based remuneration.

The table below outlines the fee structure for Non-Executive Directors in FY22 (inclusive of superannuation as applicable). There were no changes to the fees in FY22. The annual aggregate fee pool for Non-Executive Directors is capped at $2.0 million. Board and committee fees inclusive of statutory superannuation contributions are included in this aggregate fee pool.

BOARD FEES		FY22
Chair		$350,000 (no additional committee fees)
Non-Executive Director		$140,000
COMMITTEE FEES		
Finance & Audit	Chair	$20,000
People & Remuneration	Chair	$20,000
Risk & Sustainability	Chair	$20,000
Nomination	Chair	–
Committee Fees	Membership per committee	$10,000

REMUNERATION REPORT – AUDITED (CONTINUED)

8. Statutory and share-based reporting

A. Director & Executive KMP remuneration for the year ended 25 June 2022

The following tables of Director & Executive KMP remuneration has been prepared in accordance with accounting standards and the *Corporations Act 2001* requirements, for the period from 27 June 2021 to 25 June 2022. Share-based payments are calculated as deferred STIP and LTIP awards.

		SHORT-TERM BENEFITS			LONG-TERM/ POST-EMPLOYMENT BENEFITS			SHARE-BASED PAYMENTS			
	YEAR	SALARY AND FEES $000	STIP BONUS $000	MONE-TARY AND BENEFITS[1] $000	DEFERRED CASH $000	SUPER-ANNUA-TION $000	LONG SERVICE LEAVE $000	PERFOR-MANCE RIGHTS $000	DEFERRED BENEFITS[4,5] $000	TOTAL REMUN-ERATION $000	PERFOR-MANCE RELATED $000
Non-Executive Directors[2]											
Peter Bush	2022	326	–	–	–	24	–	–	–	350	–
	2021	328	–	–	–	22	–	–	–	350	–
Rob Gordon	2022	136	–	–	–	14	–	–	–	150	–
	2021	137	–	–	–	13	–	–	–	150	–
Michael Ihlein	2022	180	–	–	–	–	–	–	–	180	–
	2021	171	–	–	–	–	–	–	–	171	–
Timothy Longstaff	2022	61	–	–	–	6	–	–	–	67	–
	2021	–	–	–	–	–	–	–	–	–	–
Robyn Stubbs	2022	67	–	–	–	–	–	–	–	67	–
	2021	–	–	–	–	–	–	–	–	–	–
Jackie McArthur	2022	155	–	–	–	15	–	–	–	170	–
	2021	162	–	–	–	15	–	–	–	177	–
Helen Nash	2022	145	–	–	–	15	–	–	–	160	–
	2021	161	–	–	–	7	–	–	–	168	–
Linda Bardo Nicholls AO	2022	155	–	–	–	15	–	–	–	170	–
	2021	155	–	–	–	15	–	–	–	170	–
Sub-total Non-Executive Directors' Remuneration	**2022**	**1,225**	**–**	**–**	**–**	**89**	**–**	**–**	**–**	**1,314**	**–**
	2021	**1,114**	**–**	**–**	**–**	**72**	**–**	**–**	**–**	**1,186**	**–**
CEO/MD											
Andrew Reeves	2022	1,076	–	22	–	24	17	348	44	1,531	392
	2021	422[3]	88	–	–	17[5]	4	–	44	575	132
Sub-total Directors' Actual Remuneration	**2022**	**1,076**	**–**	**22**	**–**	**24**	**17**	**348**	**44**	**1,531**	**392**
	2021	**422**	**88**	**–**	**–**	**17**	**4**	**–**	**44**	**575**	**132**

REMUNERATION REPORT – AUDITED (CONTINUED)

8. Statutory and share-based reporting (continued)

		SHORT-TERM BENEFITS			LONG-TERM/ POST-EMPLOYMENT BENEFITS			SHARE-BASED PAYMENTS			
	YEAR	SALARY AND FEES $000	STIP BONUS $000	MONE-TARY AND BENEFITS[1] $000	DEFERRED CASH $000	SUPER-ANNUA-TION $000	LONG SERVICE LEAVE $000	PERFOR-MANCE RIGHTS $000	DEFERRED BENEFITS[4,6] $000	TOTAL REMUN-ERATION $000	PERFOR-MANCE RELATED $000
KMP Senior Executives											
Gary Mallett	2022	620	–	–	–	24	11	18	35	708	53
	2021	588	162	–	–	22	9	312	54	1,147	528
Jonathan Gray[6]	2022	511	–	–	–	38	(1)	(305)[7]	7[7]	250	(298)
	2021	512	132	271	–	38	6	120	84	1,163	336
Total Executives Remuneration	**2022**	**1,131**	**–**	**–**	**–**	**62**	**10**	**(287)**	**42**	**958**	**(245)**
	2021	**1,100**	**294**	**271**	**–**	**60**	**15**	**432**	**138**	**2,310**	**864**
Total Directors' and Executive Officers' Remuneration	**2022**	**3,432**	**–**	**22**	**–**	**175**	**27**	**61**	**86**	**3,803**	**147**
	2021	**2,636**	**382**	**271**	**–**	**149**	**19**	**432**	**182**	**4,071**	**996**

(1) Monetary benefits represents a company provided motor vehicle for the CEO/MD valued at $22,000. In FY22 a payment of NZ $281,000 made for Jonathan Gray moving to New Zealand urgently at the Company's request that includes selling costs and loss in value upon the sale of his Australian home.

(2) Andrew Reeves, Jackie McArthur and Helen Nash received remuneration for special Board projects in FY21. This work ceased in March 2021 for Andrew upon appointment to the role of CEO/MD, and in mid-April 2021 for the other directors.

(3) Andrew Reeves' FY21 salary and fees include $121,000 in Board fees for the period he served as a Non-Executive Director.

(4) Deferred benefits include deferred equity incentives and the FY19 Management Recognition Incentive (see note 6).

(5) Andrew Reeves' FY21 Superannuation includes $12,000 for the period he served as a Non-Executive Director.

(6) Jonathan Gray was awarded 24,474 restricted shares with a value of $104,000 as part of the FY19 Management Recognition Incentive plan. This was based on a VWAP of $4.247. The VWAP was calculated on the relevant date Jonathan commenced in his role. The shares were sourced on-market and are being held in escrow until 15 December 2022.

(7) Jonathan Gray finalised his employment with the Company on 1 July 2022. The reversal of performance right and deferred benefits relates to all outstanding awards which had lapsed upon his resignation with the Company.

REMUNERATION REPORT – AUDITED (CONTINUED)

8. Statutory and share-based reporting (continued)

B. Rights awarded, vested and lapsed during the year

The table below discloses the number of rights granted, vested or lapsed during the year. Rights do not carry any voting or dividend rights and can only be exercised once the vesting conditions have been met, until their expiry date.

		NO. OF RIGHTS AWARDED DURING THE YEAR	AWARD DATE	FAIR VALUE PER RIGHT AT GRANT DATE ($)	VESTING DATE	VALUE OF RIGHTS GRANTED DURING THE YEAR ($000)	NO. RIGHTS VESTED DURING THE YEAR	NO. RIGHTS LAPSED/ FORFEITED DURING THE YEAR
Jonathan Gray	FY19-FY21 LTIP	–	5 Nov 2018[1]	3.06	30 Jun 2021	–	15,510	–
	FY19-FY21 LTIP	–	6 Dec 2018[1,2]	3.06	30 Jun 2021	–	1,527	–
	FY20-FY22 LTIP	–	17 Apr 2020[1]	3.20	25 Jun 2022	–	–	(118,927)
	FY20 STIP	–	15 Sep 2020[3]	3.33	1 Jul 2021	–	15,275	–
	FY21-FY23 LTIP	–	10 Jun 2021[4]	2.69	1 Jul 2023	–	–	(114,260)
	FY21 STIP	14,376	15 Sep 2021[3]	4.04	15 Sep 2022	58	–	(14,376)
	FY22-FY24 LTIP	97,248	5 Nov 2021[4]	2.58	1 Jul 2024	251	–	(97,248)
Andrew Reeves	FY21 STIP	21,763	15 Sep 2021[3]	4.04	15 Sep 2022	88	–	–
	FY22-FY24 LTIP	408,335	5 Nov 2021[4]	2.58	1 Jul 2024	1,054	–	–
Gary Mallett	FY20 STIP	–	15 Sep 2020[3]	3.33	1 Jul 2021	–	13,384	–
	FY20-FY22 LTIP	–	17 Apr 2020[1]	3.20	25 Jun 2022	–	–	(133,579)
	FY21 STIP	17,183	15 Sep 2021[3]	4.04	15 Sep 2022	69	–	–
	FY22-FY24 LTIP	112,601	5 Nov 2021[4]	2.58	1 Jul 2024	291	–	–

(1) The fair value of the LTIP offer at grant date was determined using an adjusted form of the Black Scholes Model. Fair value on performance rights is a weighted average of rights values under the EPS and TSR portion of the awards.

(2) These rights relate to the top up grants to Executive KMP as a result of the capital return carried out. These were approved at the EGM on 6 December 2018, and vest progressively the end of FY19 to the end of FY21 in line with the underlying grants that were topped up.

(3) Deferred rights were granted on 15 September 2021 (FY20 STIP: 15 September 2020) subsequent to the calculation of the volume weighted average price of Ingham's shares traded on the ASX, 10 days after 20 August 2021 (FY20 STIP: 21 August 2020). The fair value of the deferred rights is calculated as the market price of Ingham's shares traded on the ASX on grant date of the deferred rights.

(4) The fair value of the LTIP offer at grant date was determined using an adjusted form of the Black Scholes Model. Fair value on performance rights is a weighted average of rights values under the ROIC and TSR portion of the awards.

REMUNERATION REPORT – AUDITED (CONTINUED)

8. Statutory and share-based reporting (continued)

C. Performance rights holdings of Directors and KMP

	BALANCE 26 JUNE 2021	GRANTED AS REMUNERATION	RIGHTS VESTED	RIGHTS LAPSED/ FORFEITED	BALANCE 25 JUNE 2022
Andrew Reeves	–	430,098	–	–	430,098
Jonathan Gray	465,499	111,624	(232,312)[1]	(344,811)	–
Gary Mallett	275,331	129,784	(13,384)	(133,579)	258,152
Total	**740,830**	**671,506**	**(245,696)**	**(478,390)**	**688,250**

(1) Jonathan Gray received an interest free non-recourse loan to purchase shares in Ingham's under a legacy arrangement. This interest free non-recourse loan has been fully repaid in FY22 and 200,000 ordinary shares have been transferred to the holder as at 25 June 2022.

D. Minimum Shareholding Requirements

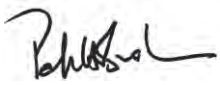
The minimum shareholding requirement of Non-Executive Directors is a minimum shareholding of 100% of their Board fees and for the CEO/MD a minimum of 100% of TFR and other KMP 50% of TFR. The minimum shareholding will need to be achieved after 5 years. To assist with achieving the minimum shareholding requirement an amount of 25% of any vested equity award will need to be held for any relevant KMP until the minimum shareholding requirement is met.

E. Shareholdings of Directors and KMP

	BALANCE 26 JUNE 2021	GRANTED AS REMUNERATION	ON EXERCISE OF RIGHTS/ OPTIONS	NET CHANGE OTHER	BALANCE 25 JUNE 2022
Non-Executive Directors					
Peter Bush	208,730	–	–	–	208,730
Rob Gordon	15,772	–	–	10,000	25,772
Michael Ihlein	45,455	–	–	–	45,455
Timothy Longstaff	–	–	–	29,850	29,850
Jackie McArthur	24,950	–	–	1,873	26,823
Helen Nash	29,370	–	–	24,889	54,259
Linda Bardo Nicholls AO	42,048	–	–	5,821	47,869
Robyn Stubbs	–	–	–	23,000	23,000
CEO					
Andrew Reeves	12,800	–	–	10,000	22,800
Senior Executives					
Gary Mallett	–	13,384	–	–	13,384
Jonathan Gray	166,325	–	–	182,318[1]	348,643
Total	**545,450**	**13,384**	**–**	**287,751**	**846,585**

(1) Jonathan Gray received an interest free non-recourse loan to purchase shares in Ingham's under a legacy arrangement. This interest free non-recourse loan has been fully repaid in FY22 and 200,000 ordinary shares have been transferred to the holder as at 25 June 2022.

Signed in accordance with a resolution of the directors made pursuant to s298(2) of the *Corporations Act 2001*.



Peter Bush
Chair

Michael Ihlein
Non-Executive Director

Sydney
19 August 2022

LEAD AUDITOR'S INDEPENDENCE DECLARATION

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Inghams Group Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of Inghams Group Limited for the financial year ended 25 June 2022 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

Julie Cleary
Partner

Sydney

19 August 2022

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CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 25 JUNE 2022

	NOTES	52 WEEKS ENDED 25 JUNE 2022 $000	52 WEEKS ENDED 26 JUNE 2021 $000
Revenue	3	**2,713,100**	**2,668,800**
Other income/(loss)	4(a)	**400**	**(100)**
Expenses			
Cost of sales		(2,307,600)	(2,182,000)
Distribution		(175,700)	(164,100)
Administration and selling		(130,800)	(144,400)
Operating profit		**99,400**	**178,200**
Finance income and costs			
Finance income		500	400
Finance costs		(65,600)	(66,000)
Net finance costs	4(c)	**(65,100)**	**(65,600)**
Share of net profit of associate	24	400	400
Profit before income tax		**34,700**	**113,000**
Income tax benefit/(expense)	5(a)	400	(29,700)
Profit for the year attributable to: Owners of Inghams Group Limited		**35,100**	**83,300**
Basic EPS (cents per share)	27	9.45	22.43
Diluted EPS (cents per share)	27	9.41	22.35

The above consolidated income statement should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 25 JUNE 2022

	NOTES	52 WEEKS ENDED 25 JUNE 2022 $000	52 WEEKS ENDED 26 JUNE 2021 $000
Profit for the year		**35,100**	**83,300**
Other comprehensive income			
Items that have been reclassified to profit or loss			
Changes in the fair value of cash flow hedges		2,300	4,600
Tax on changes in fair value of cash flow hedges		(700)	(1,300)
Total items that have subsequently been reclassified to profit or loss		**1,600**	**3,300**
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations	19(a)	(2,800)	(500)
Changes in the fair value of cash flow hedges	19(a)	12,800	2,200
Tax on changes in fair value of cash flow hedges	19(a)	(3,800)	(700)
Total items that may subsequently be reclassified to profit or loss		**6,200**	**1,000**
Items that will not be reclassified to profit or loss			
Revaluation of land and buildings		12,500	(2,200)
Tax on revaluation of land and buildings		(2,700)	700
Total items that will not be reclassified to profit or loss		**9,800**	**(1,500)**
Total comprehensive income for the year, attributable to: Owners of Inghams Group Limited		**52,700**	**86,100**

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 25 JUNE 2022

	NOTES	25 JUNE 2022 $000	26 JUNE 2021 $000
ASSETS			
Current assets			
Cash and cash equivalents	6	131,600	158,100
Trade and other receivables	7	221,700	222,700
Biological assets	8	135,600	121,800
Inventories	9	238,700	196,100
Derivative financial instruments	16	5,600	–
Assets classified as held for sale	10	–	3,700
Current tax receivable		1,400	–
Total current assets		**734,600**	**702,400**
Non-current assets			
Property, plant and equipment	11	477,300	457,900
Investments accounted for using the equity method	24	2,300	2,100
Right-of-use assets	12	1,319,400	1,374,900
Derivative financial instruments	16	5,400	–
Deferred tax asset	5(c)	3,900	7,700
Total non-current assets		**1,808,300**	**1,842,600**
Total assets		**2,542,900**	**2,545,000**
LIABILITIES			
Current liabilities			
Trade and other payables	13	452,600	396,600
Current tax liability		–	27,800
Provisions	15	97,000	92,900
Derivative financial instruments	16	–	1,500
Lease liabilities		186,700	184,200
Total current liabilities		**736,300**	**703,000**
Non-current liabilities			
Trade and other payables	13	2,900	4,000
Borrowings	14	398,900	398,300
Provisions	15	29,700	26,200
Derivative financial instruments	16	–	1,800
Lease liabilities		1,216,900	1,248,100
Total non-current liabilities		**1,648,400**	**1,678,400**
Total liabilities		**2,384,700**	**2,381,400**
Net assets		**158,200**	**163,600**
Equity			
Contributed equity	17(a)	108,800	108,100
Reserves	19(a)	46,100	30,800
Retained earnings		3,300	24,700
Total equity		**158,200**	**163,600**

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 25 JUNE 2022

		ATTRIBUTABLE TO OWNERS OF INGHAMS GROUP LIMITED				
	NOTES	CONTRIBUTED EQUITY $000	RETAINED EARNINGS/ (ACCUM-ULATED LOSSES) $000	ASSET REVALUATION RESERVE $000	OTHER RESERVES $000	TOTAL EQUITY $000
Balance at 27 June 2020		**109,200**	**(5,800)**	**10,500**	**15,200**	**129,100**
Profit for the year		–	83,300	–	–	83,300
Other comprehensive income	19(a)	–	–	(1,500)	4,300	2,800
Total comprehensive income		**–**	**83,300**	**(1,500)**	**4,300**	**86,100**
Transactions with owners of the Company						
Dividends provided for or paid	18	–	(52,800)	–	–	(52,800)
Share-based payment expense	19(a)	–	–	–	2,900	2,900
Settlement of share plan		(1,700)	–	–	–	(1,700)
Transfer of shares for settlement of share plan		600	–	–	(600)	–
		(1,100)	(52,800)	–	2,300	(51,600)
Balance at 26 June 2021		**108,100**	**24,700**	**9,000**	**21,800**	**163,600**
Balance at 27 June 2021		**108,100**	**24,700**	**9,000**	**21,800**	**163,600**
Profit for the year		–	35,100	–	–	35,100
Other comprehensive income	19(a)	–	–	9,800	7,800	17,600
Total comprehensive income		**–**	**35,100**	**9,800**	**7,800**	**52,700**
Transfer of reserves		**–**	**1,100**	**(1,100)**	**–**	**–**
Transactions with owners of the Company						
Dividends provided for or paid	18	–	(57,600)	–	–	(57,600)
Settlement of share plan		(500)	–	–	–	(500)
Transfer of shares for settlement of share plan		1,200	–	–	(1,200)	–
		700	(57,600)	–	(1,200)	(58,100)
Balance at 25 June 2022		**108,800**	**3,300**	**17,700**	**28,400**	**158,200**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 25 JUNE 2022

	NOTES	52 WEEKS ENDED 25 JUNE 2022 $000	52 WEEKS ENDED 26 JUNE 2021 $000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		2,712,900	2,662,200
Payments to suppliers and employees (inclusive of GST)		(2,339,900)	(2,211,800)
		373,000	**450,400**
Interest received		500	400
Income taxes paid		(31,900)	(10,900)
Net cash provided by operating activities	21	**341,600**	**439,900**
Cash flows from investing activities			
Capital expenditure		(61,900)	(66,300)
Proceeds from sale of assets held for sale		3,800	10,700
Dividends received from investments		200	200
Net cash used in investing activities		**(57,900)**	**(55,400)**
Cash flows from financing activities			
Settlement of share plan		(500)	(1,700)
Repayment of borrowings		–	(50,000)
Dividends paid		(57,600)	(52,800)
Lease payments – principal		(187,700)	(192,300)
Lease payments – interest		(51,700)	(50,800)
Interest and finance charges paid		(12,300)	(12,900)
Net cash used in financing activities		**(309,800)**	**(360,500)**
Net increase/(decrease) in cash and cash equivalents		**(26,100)**	**24,000**
Cash and cash equivalents at the beginning of the financial year		158,100	134,200
Effects of exchange rate changes on cash and cash equivalents		(400)	(100)
Cash and cash equivalents at end of year	6	**131,600**	**158,100**

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 CORPORATE INFORMATION

The financial statements of Inghams Group Limited and its subsidiaries (collectively, the Group) for the 52 weeks ended 25 June 2022 (comparative period was 52 weeks ended 26 June 2021) were authorised for issue in accordance with a resolution of the directors on 19 August 2022. Inghams Group Limited (the Company) is a for-profit company limited by shares incorporated in Australia.

The registered office and principal place of business of Inghams Group Limited is:

Level 4, 1 Julius Avenue
North Ryde NSW 2113
Australia

The principal activities of the Group during the year consisted of the production and sale of chicken and turkey products across its vertically integrated free-range, value enhanced, primary processed, further processed and by-product categories. Additionally, stockfeed is produced primarily for internal use but also for the poultry and pig industries.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001*. The consolidated financial statements comply with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB).

These financial statements are prepared on a going concern basis despite the group being in a current net liability position of $1.7 million. The Group continues to have positive profit after tax, positive net assets, positive operating cashflow, significant cash on hand and undrawn committed debt facilities. In addition, the bank facility debt is non-current, bank covenants have been met and there has not been a requirement for additional capital raisings to support liquidity.

(i) Historical cost convention

The financial statements have been prepared on a historical cost basis, except for the following:

- Financial assets and liabilities (including derivative instruments) and certain classes of property, plant and equipment – measured at fair value.
- Assets held for sale – measured at the lower of cost (including revaluation adjustments where applicable), or fair value less cost of disposal.

(ii) Critical accounting estimates and judgements

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed below.

- Fair value determination of freehold land and buildings – note 11;
- The determination of workers compensation provision – note 15;
- Fair value of options granted under the long-term incentive scheme, as determined at grant date – note 20;
- Carrying value of assets – note 11 & 12; and
- Inventory obsolescence provision – note 9.

Further details of the nature of these assumptions and conditions may be found in the relevant notes to these financial statements.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

(iii) New and amended Accounting Standards that are effective for the current period

The Group has initially adopted Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) from 27 June 2021. The Group applied the Phase 2 amendments retrospectively. However, in accordance with the exceptions permitted in the Phase 2 amendments, the Group has elected not to restate comparatives for the prior periods to reflect the application of these amendments.

The Group has closely monitored the market and the output from the various industry working groups managing the transition to new benchmark interest rates. This includes announcements made by the IBOR regulators. The FCA has confirmed that all LIBOR settings will either cease to be provided by any administrator or no longer be representative:

- Immediately after 31 December 2021, in the case of all sterling, euro, Swiss franc and Japanese yen settings, and the 1-week and 2-month US dollar settings; and
- Immediately after 30 June 2023, in the case of the remaining US dollar settings.

The Group is planning to transition its LIBOR-linked inventory procurement trade payable to risk-free rates (RFRs) through introduction of, or amendments to, fallback clauses into the contracts which will change the basis for determining the interest cash flows from LIBOR to RFR at an agreed point in time. The Group expects the new basis for determining the contractual cashflows to be economically equivalent to the basis immediately preceding the change. As a result, the Group will determine contractual cashflows prospectively on the new effective interest rates. The changes in measurement on the new effective interest rate is not considered material.

All newly transacted floating rate financial assets and liabilities will be linked to an alternative benchmark rate, such as SONIA or SOFR.

There are no other financial assets or liabilities that were impacted by the interest rate benchmark reform.

(b) Principles of consolidation

(i) Subsidiaries

The consolidated financial statements incorporate the financial statements of the Group and its subsidiaries and the results of all subsidiaries for the year ended 25 June 2022.

Subsidiaries are all entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interest and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

The acquisition method of accounting is used to account for business combinations by the Group.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred.

(ii) Joint Ventures

The Group's interests in equity-accounted investees comprise interests in a joint venture. Interests in the joint venture are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and Other Comprehensive Income of equity-accounted investees, until the date on which significant influence or joint control ceases.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Foreign currency translation

(i) Functional and presentation currency

Items included in the consolidated financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which it operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is Inghams Group Limited's functional and presentation currency.

(ii) Transaction and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation, at period end exchange rates, of monetary assets and liabilities denominated in foreign currencies, are recognised in consolidated income statement, except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

(iii) Group companies

The results and financial position of foreign operations of the Group (none of which have the currency of a hyperinflationary economy), that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for the statement of financial position are translated at the closing rate at balance date;
- Income and expenses for each income statement and statement of comprehensive income are translated at average exchange rates; and
- All resulting exchange differences are recognised in other comprehensive income.

(d) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

Sale of goods

A sale is recorded when goods have been dispatched to a customer pursuant to a sales order and control of the goods has passed to the carrier or customer.

(e) Income tax

(i) Income tax treatment

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Income tax (continued)

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in the consolidated income statement, except to the extent that it relates to items recognised in other comprehensive income. In this case, the tax is also recognised in other comprehensive income.

(ii) Tax consolidation legislation

Inghams Group Limited, the ultimate Australian controlling entity, and its subsidiaries, have implemented the tax consolidation legislation.

Inghams Group Limited and its subsidiaries in the tax consolidated Group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated Group continues to be a stand-alone taxpayer in its own right. In addition to its own current and deferred tax amounts, Inghams Group Limited, the ultimate Australian controlling entity, also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from subsidiaries in the tax consolidated Group.

Assets or liabilities arising under tax funding arrangements within the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the Group. Under the tax funding arrangement the members of the tax consolidated Group compensate Inghams Group Limited for any current tax payable assumed, and are compensated by Inghams Group Limited for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to Inghams Group Limited.

(f) Impairment of assets

Assets are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

(g) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term and highly liquid investments with maturities of three months or less from inception date, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(h) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for impairment. Trade receivables are generally collected within 30 days of invoice date.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful receivables is calculated using an expected credit losses provision matrix. The provision matrix is based on the Group's historical observed default rates, adjusted for forward looking estimates. The historical observed default rates are updated to reflect current and forecast credit conditions on each reporting date. Provisions for specific receivables are recognised in addition to the general provision originating from the expected credit losses matrix.

The amount of the provision is recognised in the consolidated income statement within selling expenses.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Biological assets

Biological assets are recognised at cost less accumulated depreciation. The fair value of biological assets cannot be reliably measured, as quoted market prices are not available and it is difficult to estimate the fair value based on the eventual sales price. Depreciation of breeder chickens occurs on an egg-laying basis with the depreciation representing a portion of the egg cost and subsequently the day-old broiler cost in the capitalised cost of broilers.

Biological assets are reclassified as inventory once processed.

(j) Inventories

Poultry, feed and other classes of inventories are stated at the lower of cost and net realisable value. Cost comprises all overheads except selling, distribution, general administration and interest. Net realisable value is the estimated selling price in the ordinary course of business less the estimate costs of completion and the costs necessary to make the sale.

(k) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(i) Financial assets

Initial recognition and measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus or minus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Classification and subsequent measurement

On initial recognition, a financial asset is classified as measured at:

- Amortised cost;
- Fair value through other comprehensive income (FVOCI) – debt investment;
- Fair value through other comprehensive income (FVOCI) – equity investment; or
- Fair value through profit or loss (FVTPL).

Financial assets at fair value through profit or loss

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This category generally applies to all derivative financial assets. For more information on derivative financial instruments, refer to note 16.

Loans and receivables

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is to hold assets to collect contractual cashflows; and
- Its contractual terms give rise on specified dates to cashflows that are solely payments of principal and interest on the principal amount outstanding.

This category generally applies to trade and other receivables. For more information on receivables, refer to note 7.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Financial instruments (continued)

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:
  - (a) the Group has transferred substantially all the risks and rewards of the asset; or
  - (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

(ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified as measured at amortised cost, FVTPL or as derivatives designated as hedging instruments in an effective hedge, as appropriate. A financial liability is classified as at FVTPL if it is classified as held for trading, it is a derivative or it is designated as such as initial recognition.

Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

The Group's financial liabilities include trade and other payables, borrowings and derivative financial instruments.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

(iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

(l) Derivatives and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either:

- Hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedges); or
- Hedges of a particular risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges).

The Group documents at the inception of the hedging transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

The fair values of various derivative financial instruments used for hedging purposes are disclosed in note 16. Movements in the hedging reserve in shareholders' equity are shown in note 19(a). The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Derivatives and hedging activities (continued)

(i) Fair value hedges

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the comprehensive income statement, together with any changes in the fair value of the hedge asset or liability that are attributable to the hedged risk. The gain or loss relating to the effective portion of interest rate swaps and hedging fixed rate borrowings is recognised in the comprehensive income statement within finance costs, together with changes in the fair value of the hedged fixed rate borrowings attributable to interest rate risk. The gain or loss relating to the ineffective portion is recognised in the comprehensive income statement within other income or other expenses. If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to the consolidated income statement over the period to maturity using a recalculated effective interest rate.

(ii) Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated in reserves in equity. The gain or loss relating to the ineffective portion is recognised immediately in the comprehensive income statement within other income or other expense.

Amounts accumulated in equity are reclassified to the comprehensive income statement in the periods when the hedged item affects profit or loss. The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in profit or loss within 'finance costs'. The gain or loss relating to the effective portion of forward foreign exchange contracts hedging export sales is recognised in profit or loss within 'sales'. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset, the gains and losses previously deferred in equity are reclassified from equity and included in the initial measurement of the cost of the asset. The deferred amounts are ultimately recognised in profit or loss as cost of goods sold in the case of inventory, or as depreciation or impairment in the case of fixed assets.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately reclassified to profit or loss.

The Group may also enter into derivative contracts in order to hedge the translation of results of its New Zealand business. As this result is an uncertain amount at the date the derivative is entered into, it is not eligible for designation as a hedging instrument under Australian Accounting Standards, and as such any applicable contracts are measured at fair value through profit or loss, with gains or losses being recognised in profit or loss in the period incurred.

(m) Property, plant and equipment

Freehold land and buildings are shown at fair value based on formal periodic valuations (with sufficient regularity to ensure materially accurate valuations reflected) by external independent valuers, less subsequent depreciation for buildings. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

All other property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives as follows:

Freehold land and buildings and leasehold buildings	3 – 50 years
Plant and equipment	1 – 20 years
Leased plant and equipment	5 – 15 years

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Property, plant and equipment (continued)

The assets' residual values and useful lives are reviewed and adjusted if appropriate, at the end of each reporting period.

As asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss. When revalued assets are sold, it is Group policy to transfer any amounts included in other reserves in respect of those assets to retained earnings.

(n) Leases

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

(i) Lease Liability

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

(ii) Right-of-use asset

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

(iii) Depreciation expense

Depreciation is calculated on a straight-lined basis on the right-of-use asset over the term of each lease. In line with Group's policy of classifying expenses by function, depreciation is included within the elements of Operating Profit as appropriate.

(iv) Extension and termination options

Land and building lease agreements are typically entered for fixed periods of 5 to 20 years, with some leases for periods of 30 years. Extension and termination options are included in a number of these leases across the Group.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

Management's assessment is that lease options cannot be reasonably certain and are therefore excluded in the calculation of the lease liability.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Leases (continued)

Contract Growers have a set expiry date after which the lease continues indefinitely until either party gives 12 months' notice to terminate. As Ingham's continues to review the Company's strategic objectives, Chicken Contract Growers will move to more performance-based agreements in the future. Turkey Contract Growers have had fixed term agreements renewed for another 2 years, after which a move to a more performance-based agreement will be revisited.

The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the Group.

(v) Practical expedients applied

The Group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease; and
- payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in the income statement. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office equipment where the total individual lease payments are less than A$10,000.

(vi) Leases exempt from recognition under AASB 16 *Leases*

All short-term leases (less than 12 months), low value or performance based leases are not recognised under AASB 16 *Leases*. These leases continue to be recognised in the Profit & Loss as an operating lease expense.

(o) Assets classified as held for sale

Assets classified as held for sale are stated at the lower of their carrying amount and fair value less costs to sell if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. An impairment loss is recognised for any initial or subsequent write-down of the asset to fair value less costs to sell. Assets are not depreciated or amortised while they are classified as held for sale.

(p) Investments

Investments in subsidiaries and joint venture entities are accounted for at cost. Dividends received from subsidiaries and joint venture entities are recognised in the parent entity's profit, rather than being deducted from the carrying amount of these investments.

(q) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial period which are unpaid. The amounts are unsecured and are usually paid within 45 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

(r) Interest bearing liabilities

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) Interest bearing liabilities (continued)

Borrowings are removed from the consolidated statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Borrowing costs incurred for the construction of any qualifying assets are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed as incurred.

(s) Provisions

Provisions for make good obligations are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of each reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Workers compensation provisions are determined by actuarial assessment every financial period. The provision represents the expected liability of the entity in relation to each state's self-insurance licence.

(t) Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled wholly within 12 months after the end of the reporting period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave is presented as provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

(ii) Other long-term employee benefit obligations

The liabilities for long service leave and annual leave which is not expected to be settled wholly within 12 months after the end of the reporting period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on corporate bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows.

The obligations are presented as current liabilities in the consolidated statement of financial position if the entity does not have an unconditional right to defer settlement for at least 12 months after the reporting period, regardless of when the actual settlement is expected to occur.

(iii) Share-based payments

Share-based compensation benefits are provided to executives and select key management under Long-Term Incentive Plans.

The fair value of shares granted under Long-Term Incentive Plans are recognised as an employee benefits expense with a corresponding increase in equity, over the period in which the employees become unconditionally entitled to the shares. The total amount to be expensed is determined by reference to the fair value of the shares granted, which includes any market performance conditions and the impact of any non-vesting conditions but excludes the impact of any service and non-market performance vesting condition.

Non-market vesting conditions are included in assumptions about the number of shares that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of shares that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity. Where such adjustments results in a reversal of previous expenses these are recognised as a credit to profit and loss in the period that it is assessed that certain vesting conditions will not be met.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(t) Employee benefits (continued)

(iv) Short-term incentive scheme

The Group recognises a certain liability and expense for bonuses based on a formula that takes into consideration financial and non-financial outcomes of the Group.

(u) Contributed equity

Ordinary shares are classified as equity.

(v) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

(w) Good and services tax (GST)

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

(x) Rounding of amounts

The amounts contained in the financial report have been rounded to the nearest hundred thousand dollars (where rounding is applicable) where noted ($000), or in certain cases, the nearest dollar, under the option available to the Company under *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*. The Company is an entity to which this legislative instrument applies.

(y) Parent entity

The financial information for the parent entity, Inghams Group Limited, has been prepared on the same basis as the consolidated financial statements.

3 SEGMENT INFORMATION

Description of segments

Ingham's operations are all conducted in the poultry industry in Australia and New Zealand.

The Group has identified its operating segments based on the internal reports that are reviewed and used by the CEO and the senior leadership team (the chief operating decision maker) in assessing performance and in determining the allocation of resources. The Group's operations in Australia and New Zealand are each treated as individual operating segments. The CEO and the senior leadership team monitor the operating results of business units separately, for the purpose of making decisions about resource allocation and performance assessment.

Segment performance is evaluated based on earnings before interest, tax, depreciation and amortisation (EBITDA). Inter-segment pricing is determined on an arm's length basis and inter segment revenue is generated from a royalty charge for the services provided by the Australian operation.

One customer generated revenue in excess of 10% of Group revenue (2021: One).

Allocations of assets and liabilities are not separately identified in internal reporting so are not disclosed in this note.

3 SEGMENT INFORMATION (CONTINUED)

Description of segments (continued)

	AUSTRALIA 2022 $000	NEW ZEALAND 2022 $000	CONSOLIDATED 2022 $000
Poultry	2,169,400	341,100	2,510,500
Feed	145,300	57,300	202,600
Total revenue from contracts with customers	**2,314,700**	**398,400**	**2,713,100**
Other income/(loss)	200	200	400
Inter segment revenue/(expense)	10,300	(10,300)	–
	2,325,200	**388,300**	**2,713,500**
Adjusted operating expenses*	(2,013,400)	(330,100)	(2,343,500)
Share of net profit of associate	400	–	400
EBITDA	**312,200**	**58,200**	**370,400**
Depreciation and amortisation			(270,600)
EBIT			**99,800**
Net finance costs			(65,100)
Profit before tax			**34,700**

* Adjusted operating expenses include cost of sales, distribution, selling and administration, excluding depreciation and amortisation.

	AUSTRALIA 2022 $000	NEW ZEALAND 2022 $000	CONSOLIDATED 2022 $000
Total capital expenditure	49,900	11,600	61,500
Total property, plant and equipment	402,000	75,300	477,300
Total impairment losses (trade receivables and inventory)	12,200	2,700	14,900
Reversal of impairment losses (non-current assets)	(3,100)	–	(3,100)

	AUSTRALIA 2021 $000	NEW ZEALAND 2021 $000	CONSOLIDATED 2021 $000
Poultry	2,134,400	329,700	2,464,100
Feed	140,800	63,900	204,700
Total revenue from contracts with customers	**2,275,200**	**393,600**	**2,668,800**
Other income/(loss)	200	(300)	(100)
Inter segment revenue/(expense)	9,500	(9,500)	–
	2,284,900	**383,800**	**2,668,700**
Adjusted operating expenses*	(1,913,500)	(311,700)	(2,225,200)
Share of net profit of associate	400	–	400
EBITDA	**371,800**	**72,100**	**443,900**
Depreciation and amortisation			(265,300)
EBIT			**178,600**
Net finance costs			(65,600)
Profit before tax			**113,000**

* Adjusted operating expenses include cost of sales, distribution, selling and administration, excluding depreciation and amortisation.

	AUSTRALIA 2021 $000	NEW ZEALAND 2021 $000	CONSOLIDATED 2021 $000
Total capital expenditure	55,900	12,900	68,800
Total property, plant and equipment	387,200	70,700	457,900
Total impairment losses (trade receivables and inventory)	7,400	(500)	6,900

4 OTHER INCOME AND EXPENSES

(a) Other income and expenses

	2022 $000	2021 $000
Net (loss)/gain on disposal of assets held for sale	–	(500)
Rent and other income	400	400
Other items	**400**	**(100)**

(b) Expenses

Employee benefits expense		
Employee benefits expense	566,900	561,800
Defined super contributions	44,400	42,400
Share-based payment (benefit)/expense	–	2,900
Employee benefits expense	**611,300**	**607,100**
Impairment losses		
Trade receivables	(200)	400
Inventories	15,100	6,500
Reversal of impairment losses (non-current assets)	(3,100)	–
Impairment losses	**11,800**	**6,900**

Impairment losses on trade receivables, includes amounts written off and amounts provided for, both are recognised within administration and selling expenses. Impairment losses on inventories includes the amounts written off and amounts provided for, both are recognised within cost of sales. Impairment losses on property, plant and equipment includes previously recognised impairments reversed in the current period.

(c) Finance income and costs

Lease financing interest expense	51,700	50,800
Interest and borrowing costs	13,300	14,600
Amortisation of borrowing costs	600	600
Interest income	(500)	(400)
Finance income and costs	**65,100**	**65,600**

5 INCOME TAX EXPENSE

(a) Income tax expense/(benefit)

	2022 $000	2021 $000
Current tax	13,500	45,500
Deferred tax	(3,400)	(13,700)
Adjustments for current tax of prior periods	(10,500)	(2,100)
Income tax expense/(benefit)	**(400)**	**29,700**

As at 26 June 2021, included within the Group's current tax provision and adjustments for prior tax periods in note 5(a), is management's estimation of potential amounts to finalise an uncertain tax matter under IFRIC 23. The uncertain tax treatment relates to the interpretation of how applicable tax legislation and recent interpretations apply to the Group's past arrangements. The tax matter was resolved during FY22 with a settlement reached with the tax office on 10 February 2022. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. Also included is a R&D tax credit for $8.5 million and a writeback of the uncertain tax matter provision for $2.2 million relating to prior tax periods.

(b) Numerical reconciliation of income tax expense/(benefit) to prima facie tax payable

Profit from continuing operations before income tax expense	34,700	113,000
Tax at the Australian tax rate of 30% (2021 – 30%)	10,400	33,900
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Non-deductible expenses	–	(700)
Prior period R&D tax offset	(8,500)	(700)
Prior period tax settlement	(2,200)	–
Revaluation of inventory tax base in associate	(100)	(100)
	(400)	**32,400**
Difference in overseas tax rates	(200)	(600)
Adjustments for current tax of prior periods	200	(2,100)
Income tax expense/(benefit)	**(400)**	**29,700**

(c) Deferred taxes

The movements in deferred tax balances for the Group are shown in the tables below:

	OPENING BALANCE $000	CHARGED TO INCOME $000	CHARGED TO EQUITY $000	CLOSING BALANCE $000
2022				
Doubtful debts	600	–	–	600
Employee benefits	25,300	1,100	–	26,400
Inventories	(41,400)	1,000	–	(40,400)
Other accruals	6,200	(3,800)	–	2,400
Property, plant and equipment	(5,900)	(3,100)	(2,700)	(11,700)
AASB 16 *Leases*	20,300	7,600	–	27,900
Provisions	1,600	300	–	1,900
Cash flow hedges	1,000	300	(4,500)	(3,200)
Net deferred tax (liabilities)/assets	**7,700**	**3,400**	**(7,200)**	**3,900**

5 INCOME TAX EXPENSE (CONTINUED)

(c) Deferred taxes (continued)

	OPENING BALANCE $000	CHARGED TO INCOME $000	CHARGED TO EQUITY $000	CLOSING BALANCE $000
2021				
Doubtful debts	700	(100)	–	600
Employee benefits	23,100	2,200	–	25,300
Inventories	(42,500)	1,100	–	(41,400)
Other accruals	3,000	3,200	–	6,200
Property, plant and equipment	(5,700)	(200)	–	(5,900)
AASB 16 *Leases*	10,000	10,300	–	20,300
Provisions	3,200	(1,600)	–	1,600
Cash flow hedges	2,300	300	(1,600)	1,000
IPO related expenditure	1,500	(1,500)	–	–
Net deferred tax (liabilities)/assets	**(4,400)**	**13,700**	**(1,600)**	**7,700**

6 CASH AND CASH EQUIVALENTS

	2022 $000	2021 $000
Cash at bank and on hand	131,300	157,700
Short-term deposits	300	400
Cash and cash equivalents	**131,600**	**158,100**

Short-term deposits are presented as cash equivalents as they have a maturity of less than three months.

7 TRADE AND OTHER RECEIVABLES

	2022 $000	2021 $000
Trade receivables	214,100	215,100
Provision for doubtful debts	(1,900)	(2,000)
Net trade receivables	**212,200**	**213,100**
Other receivables	6,300	6,100
Prepayments	3,200	3,500
Trade and other receivables	**221,700**	**222,700**
Movement in the provision for doubtful debts:		
At start of period	**(2,000)**	**(2,300)**
Impairment reversal/(expense) recognised during the year	200	(400)
Receivables (written back)/written off during the year as uncollectable	(100)	700
Balance at end of period	**(1,900)**	**(2,000)**

7 TRADE AND OTHER RECEIVABLES (CONTINUED)

Due to the short-term nature of current receivables, their carrying amount is assumed to approximate their fair value.

The Group has considered the collectability and recoverability of trade receivables. A provision for doubtful debts is calculated using an expected credit losses provision matrix. The provision matrix is based on the Group's historical observed default rates, adjusted for forward looking estimates. The historical observed default rates are updated to reflect current and forecast credit conditions on each reporting date. Provisions for specific receivables are recognised in addition to the general provision originating from the expected credit losses matrix.

The current uncertainties surrounding the COVID-19 environment presents challenges forecasting expected future credit losses. Ingham's continues to execute a variety of different credit management strategies to mitigate credit risk and collect cash.

	2022 $000	2021 $000
Current	203,400	208,900
1 to 30	6,600	3,500
31 to 60	1,100	600
61 to 90	400	100
90+	700	–
Impaired (provision for doubtful debts)	1,900	2,000
Trade receivables	**214,100**	**215,100**

8 BIOLOGICAL ASSETS

	2022 $000	2021 $000
Breeder	41,200	37,500
Broiler	81,100	71,700
Eggs	13,300	12,600
Biological assets	**135,600**	**121,800**

All movements in the value of biological asset classes are due to purchases and consumption in the ordinary course of business.

The Group is exposed to a number of risks relating to its biological assets:

(i) Regulatory and environmental risk

The Group is subject to laws and regulations in the countries in which it operates. The Group has established environmental policies and procedures aimed at compliance with local environmental and other laws.

(ii) Climate and other risks

The Group's biological assets are exposed to the risk of damage from climatic changes, diseases and other natural forces. The Group has extensive processes in place aimed at monitoring and mitigating those risks, including regular health inspections. The Group is also insured against natural disasters.

9 INVENTORIES

	2022 $000	2021 $000
Processed Poultry	103,100	116,200
Feed	102,300	55,600
Other	42,900	34,900
Inventories (gross)	**248,300**	**206,700**
Inventory obsolescence provision	(9,600)	(10,600)
Inventories	**238,700**	**196,100**

Inventory is assessed for excess or slow moving stock, stock sold below net realisable selling price and other indicators of obsolescence in calculating inventory obsolescence provision. Other inventories include medication, packaging and consumables.

10 ASSETS CLASSIFIED AS HELD FOR SALE

	2022 $000	2021 $000
Assets classified as held for sale	–	3,700

The carrying amount of assets classified as held for sale in 2021 represents land and building assets previously marketed for sale in Bungonia NSW, which was settled in September 2021.

11 PROPERTY, PLANT AND EQUIPMENT

	FREEHOLD LAND[1] $000	FREEHOLD BUILDINGS[2] $000	LEASEHOLD BUILDINGS $000	PLANT AND EQUIPMENT $000	CAPITAL WORK IN PROGRESS $000	TOTAL $000
2022						
Cost						
Opening balance	26,000	22,400	14,600	668,800	55,400	787,200
Additions	–	–	500	–	61,000	61,500
Transfers	800	59,200	–	8,600	(68,600)	–
Revaluations	11,900	(800)	–	–	–	11,100
Disposals/Impairment	(200)	–	–	(1,500)	–	(1,700)
Exchange differences	(100)	(500)	–	(1,600)	(300)	(2,500)
Closing balance	**38,400**	**80,300**	**15,100**	**674,300**	**47,500**	**855,600**
Accumulated Depreciation						
Opening balance	–	(2,500)	(5,600)	(321,200)	–	(329,300)
Depreciation charge	–	(2,200)	(1,000)	(52,700)	–	(55,900)
Transfers	–	(3,000)	–	3,000	–	–
Revaluations	–	4,300	–	–	–	4,300
Disposals	–	–	–	1,500	–	1,500
Exchange differences	–	400	–	700	–	1,100
Closing balance	**–**	**(3,000)**	**(6,600)**	**(368,700)**	**–**	**(378,300)**
Net book value	**38,400**	**77,300**	**8,500**	**305,600**	**47,500**	**477,300**

(1) Fair valued using level 2 fair value inputs.
(2) Fair valued using level 3 fair value inputs.

11 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	FREEHOLD LAND[1] $000	FREEHOLD BUILDINGS[2] $000	LEASEHOLD BUILDINGS $000	PLANT AND EQUIPMENT $000	CAPITAL WORK IN PROGRESS $000	TOTAL $000
2021						
Cost						
Opening balance	27,300	24,600	12,100	590,100	64,900	719,000
Additions	–	–	2,500	–	66,300	68,800
Transfers	–	–	–	75,800	(75,800)	–
Assets held for sale	(1,300)	(2,200)	–	(300)	–	(3,800)
Disposals/Impairment	–	–	–	(1,400)	–	(1,400)
Exchange differences	–	–	–	4,600	–	4,600
Closing balance	**26,000**	**22,400**	**14,600**	**668,800**	**55,400**	**787,200**
Accumulated Depreciation						
Opening balance	–	(1,800)	(3,200)	(263,700)	–	(268,700)
Depreciation charge	–	(700)	(2,400)	(53,200)	–	(56,300)
Assets held for sale	–	100	–	–	–	100
Disposals	–	–	–	400	–	400
Exchange differences	–	(100)	–	(4,700)	–	(4,800)
Closing balance	**–**	**(2,500)**	**(5,600)**	**(321,200)**	**–**	**(329,300)**
Net book value	**26,000**	**19,900**	**9,000**	**347,600**	**55,400**	**457,900**

(1) Fair valued using level 2 fair value inputs.
(2) Fair valued using level 3 fair value inputs.

The net change to level 3 fair value inputs relate to the change in value of freehold building of $3.5 million and the construction of the hatcheries in FY21 and FY22. There have been no transfers out of level 3 or transfers between level 1 and 2. For the fair value of freehold buildings, reasonable possible changes to the unobservable inputs, primarily 10% change in construction rates, holding other inputs constant would have a $8 million change to the fair value of the asset and OCI.

An independent valuation was performed during the year and freehold land and building asset values were adjusted as at 25 June 2022.

12 RIGHT-OF-USE ASSETS

	LAND AND BUILDING $000	CONTRACT GROWERS $000	EQUIPMENT AND MOTOR VEHICLE $000	TOTAL $000
2022				
Balance at 27 June 2021	**852,000**	**515,600**	**7,300**	**1,374,900**
Additions	27,300	37,600	3,400	68,300
Re-measurements[1]	21,800	16,600	–	38,400
Modification[2]	8,700	31,200	16,500	56,400
Depreciation	(72,000)	(137,500)	(5,200)	(214,700)
Net foreign currency movement	(2,300)	(1,600)	–	(3,900)
Balance at 25 June 2022	**835,500**	**461,900**	**22,000**	**1,319,400**

(1) Re-measurements during the year include change in lease term assumptions, CPI increases, term extension from options exercised and additional lease space taken up under existing contractual terms.
(2) Modifications during the year are due to contract renewals, variations in price and extensions of contracts across Australia and New Zealand.

12 RIGHT-OF-USE ASSETS (CONTINUED)

	LAND AND BUILDING $000	CONTRACT GROWERS $000	EQUIPMENT AND MOTOR VEHICLE $000	TOTAL $000
2021				
Balance at 28 June 2020	**814,600**	**601,600**	**13,000**	**1,429,200**
Additions	–	9,200	–	9,200
Re-measurements[1]	80,300	39,100	1,800	121,200
Modification[2]	25,000	–	–	25,000
Depreciation	(67,500)	(133,900)	(7,500)	(208,900)
Net foreign currency movement	(400)	(400)	–	(800)
Balance at 26 June 2021	**852,000**	**515,600**	**7,300**	**1,374,900**

(1) Re-measurements during the year include change in lease term assumptions, CPI increases, term extension from options exercised and additional lease space taken up under existing contractual terms.

(2) Modifications during the year are due to contract renewals, variations in price and extensions of contracts across Australia and New Zealand.

	2022 $000	2021 $000
Variable lease payments not included in the measurement of lease liabilities	100,200	96,800
Expenses relating to low value leases	4,400	4,000
Total	**104,600**	**100,800**

The total cashflow payments related to leases in FY22 was $344,000,000 (FY21: $343,900,000).

13 TRADE AND OTHER PAYABLES

	2022			2021		
	CURRENT $000	NON-CURRENT $000	TOTAL $000	CURRENT $000	NON-CURRENT $000	TOTAL $000
Trade payables	287,900	1,000	288,900	256,200	4,000	260,200
Inventory procurement trade payable	141,500	–	141,500	110,000	–	110,000
Other payables	23,200	1,900	25,100	30,400	–	30,400
Trade and other payables	**452,600**	**2,900**	**455,500**	**396,600**	**4,000**	**400,600**

The Group has an inventory procurement trade payable with a third party financial institution, which is interest bearing. Trade bills of exchange are paid by the financial institution direct to the supplier and the Group settles the payable on extended payment terms. The amount utilised and recorded within trade and other payables at 25 June 2022 was $141.5 million (26 June 2021: $110.0 million).

14 BORROWINGS

(a) Interest bearing loans

	CARRYING AMOUNT		PRINCIPAL AMOUNT DRAWN		INTEREST RATE	MATURITY
	2022 $000	2021 $000	2022 $000	2021 $000		
Unsecured liabilities						
Tranche A	199,500	199,200	200,000	200,000	Floating rate[a]	November 2023
Tranche B	199,400	199,100	200,000	200,000	Floating rate[a]	November 2024
Borrowings	**398,900**	**398,300**	**400,000**	**400,000**		

(a) Floating rates are at Bank Bill Swap Rate plus a predetermined margin. The Group has entered into hedging of the floating interest rate, as further described in note 23. The Group has an additional undrawn facility under Tranche C of $138.0 million (26 June 2021: $138.0 million).

(b) Fair value

For external borrowings, the fair values are not materially different to their carrying amounts, since the interest payable on the borrowings is either close to current market rates or the borrowings are of a short-term nature. The Group has entered into interest rate swaps in relation to the interest payable.

15 PROVISIONS

	2022			2021		
	CURRENT $000	NON-CURRENT $000	TOTAL $000	CURRENT $000	NON-CURRENT $000	TOTAL $000
Workers compensation	8,600	21,000	29,600	10,300	16,600	26,900
Employee benefits	81,300	6,700	88,000	77,500	6,600	84,100
Make good	1,400	2,000	3,400	1,000	3,000	4,000
Restructuring	3,400	–	3,400	–	–	–
Other provisions	2,300	–	2,300	4,100	–	4,100
Provisions	**97,000**	**29,700**	**126,700**	**92,900**	**26,200**	**119,100**

(a) Employee benefits

NZ Holidays Act

In FY21, Ingham's undertook a review of the application of employee entitlements NZ Holidays Act and are currently working through a remediation process to resolve any underpayments. The Group has assessed and estimated the financial impact and recognised a provision in the financial statements.

Ingham's is committed to ensuring its people are paid in accordance with their employment arrangements and the law and continues to monitor its practices, systems and processes.

(b) Workers compensation

Workers compensation provisions are determined by actuarial assessment by Mr William Szuch Bsc, BA, MBA, FIA, FIAA Principal of WSA Financial Consulting Pty Limited and Mr Bruce Harris, BEng(Hons) FIAA Consultant of AM actuaries, considering the liability for reported claims still outstanding, settled claims that may be reopened in the future, claims incurred but not reported as at balance date and a provision for future expenses, adjustments for claims cost escalation and investment earnings on the claims provision.

15 PROVISIONS (CONTINUED)

(c) Make good provision

The Group is required to restore certain leased premises to their original condition at the end of the respective lease terms. A provision has been recognised for the present value of the estimated expenditure required to remove leasehold improvements.

(d) Restructuring provision

Provisions for restructuring are recognised when a detailed formal plan has been approved and either commenced or a valid expectation has been raised to those persons affected. The provision is based on expenditure to be incurred which is directly caused by the restructuring and does not include costs associated with ongoing activities. The adequacy of the provision is reviewed regularly and adjusted if required. Revisions in the estimated amount of a restructuring provision are reported in the period in which the revision in the estimate occurs.

(e) Movements

Movements in each class of provision during the financial year, other than employee benefits, are set out below:

	WORKERS COMPEN-SATION $000	MAKE GOOD $000	RESTRUC-TURING $000	OTHER $000	TOTAL $000
Balance at 27 June 2020	**24,300**	**1,000**	**100**	**–**	**25,400**
Charged to profit or loss	13,200	3,100	–	4,100	20,400
Amounts used during the period	(10,600)	(100)	(100)	–	(10,800)
Balance at 26 June 2021	**26,900**	**4,000**	**–**	**4,100**	**35,000**
Balance at 27 June 2021	**26,900**	**4,000**	**–**	**4,100**	**35,000**
Charged to profit or loss	13,100	(600)	3,400	2,300	18,200
Amounts used during the period	(10,400)	–	–	(4,100)	(14,500)
Balance at 25 June 2022	**29,600**	**3,400**	**3,400**	**2,300**	**38,700**

16 DERIVATIVE FINANCIAL INSTRUMENTS

The Group has the following derivative financial instruments:

	2022			2021		
	CURRENT $000	NON-CURRENT $000	TOTAL $000	CURRENT $000	NON-CURRENT $000	TOTAL $000
Interest rate swap contracts						
– Cash flow hedges (asset)	3,200	5,400	8,600	–	–	–
– Cash flow hedges (liability)	–	–	–	(2,000)	(1,800)	(3,800)
Forward foreign exchange contracts						
– Cash flow hedges (asset)	2,400	–	2,400	500	–	500
Derivative financial instruments	**5,600**	**5,400**	**11,000**	**(1,500)**	**(1,800)**	**(3,300)**

Classification of derivatives

Derivatives are classified as held for trading and accounted for at fair value through profit or loss unless they are designated as hedges. They are presented as current assets or liabilities if they are expected to be settled within 12 months after the end of the reporting period.

The Group's accounting policy for its cash flow hedges is set out in note 2(l). For hedged forecast transactions that result in the recognition of a non-financial asset, the Group has elected to include related hedging gains and losses in the initial measurement of the cost of the asset.

17 CONTRIBUTED EQUITY

(a) Share capital

	2022 SHARES	2021 SHARES	2022 $000	2021 $000
Ordinary shares issued	371,679,601	371,679,601	108,800	108,100

(b) Movements in ordinary shares

	SHARES	$000
Balance at 27 June 2020	**371,679,601**	**109,200**
Amounts paid for shares under escrow	–	(1,100)
Balance at 26 June 2021	**371,679,601**	**108,100**
Balance at 27 June 2021	**371,679,601**	**108,100**
Settlement of share plan	–	(500)
Transfer of shares for settlement of share plan	–	1,200
Balance at 25 June 2022	**371,679,601**	**108,800**

(c) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and to share the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

(d) Treasury shares

Treasury shares outstanding of 3,707 shares (FY21: 503,361) are shares in Inghams Group Limited that are held in trust by Ingham 2 Pty Limited, a subsidiary, and Pacific Life Custodians Pty Limited for the purpose of issuing shares under the employee share scheme. Information relating to the Ingham's Long-Term Incentive Plan, including details of shares issued, exercised and lapsed during the financial period and outstanding at the end of the reporting period, is set out in note 20.

18 DIVIDENDS

(a) Ordinary shares

	2022 $000	2021 $000
Dividends paid	57,600	52,800

The directors propose that a final dividend of 0.5 cents per ordinary share be declared on 19 August 2022 and be paid on 5 October 2022. The proposed FY22 final dividend will be fully franked for Australian tax purposes. The financial effect of this dividend has not been brought to account in these consolidated financial statements and will be recognised in subsequent financial reports.

(b) Franking credits

	2022 $000	2021 $000
Amount of Australian franking credits available for subsequent periods to the shareholders of Inghams Group Limited	16,600	19,500

The ability to utilise the franking credits is dependent upon the ability to declare dividends in the future included in the above line. Franking credits of $16.4 million (2021: $16.4 million) are only available to be used under very limited and specific circumstances.

19 RESERVES

(a) Other reserves

	2022 $000	2021 $000
Asset revaluation reserve	17,700	9,000
Foreign currency translation reserve	7,700	10,500
Cash flow hedge reserve	9,100	(1,500)
Share-based payments reserve	11,600	12,800
Other reserves	**46,100**	**30,800**
Movements:		
Asset revaluation reserve		
Balance at beginning of financial year	9,000	10,500
Revaluation of land and buildings	12,400	(2,200)
Deferred tax	(2,600)	700
Transfer to retained earnings	(1,100)	–
Balance at end of the financial year	**17,700**	**9,000**
Foreign currency translation reserve		
Balance at beginning of financial year	10,500	11,000
Currency translation differences arising during the year	(2,800)	(500)
Balance at end of the financial year	**7,700**	**10,500**
Cash flow hedge reserve		
Balance at beginning of financial year	(1,500)	(6,300)
Balance reclassified to profit and loss in year	2,300	3,300
Revaluation – gross	12,800	2,200
Deferred tax	(4,500)	(700)
Balance at end of the financial year	**9,100**	**(1,500)**
Share-based payments reserve		
Balance at beginning of financial year	12,800	10,500
Share-based payment expense	–	2,900
Settlement of share plan	(1,200)	(600)
Balance at end of the financial year	**11,600**	**12,800**

(b) Nature and purpose of other reserves

(i) Asset revaluation reserve

The asset revaluation reserve is used to record increments and decrements on the revaluation of non-current assets, as described in note 11. The balance of the reserve may be used to satisfy the distribution of bonus shares to shareholders and is only available for the payment of cash dividends in limited circumstances as permitted by law. Upon sale of the asset, the balance relating to that asset is transferred to retained earnings.

(ii) Foreign currency translation

Exchange differences arising on translation of the foreign controlled entity are recognised in other comprehensive income as described in note 2(c) and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

19 RESERVES (CONTINUED)

(b) Nature and purpose of other reserves (continued)

(iii) Cash flow hedges

The hedging reserve is used to record gains or losses on a hedging instrument in a cash flow hedge that are recognised in other comprehensive income, as described in note 2(l). Amounts are reclassified to profit or loss when the associated hedged transaction affects profit or loss.

(iv) Share-based payments

The share-based payments reserve is used to recognise the grant date fair value of shares issued to employees but not vested.

20 SHARE-BASED PAYMENTS

Ingham's Employees Share Plan

Executive KMP and senior executives are invited annually to participate in a three-year Long-Term Incentive Plan (LTIP), awarded in share rights with these share rights being performance based and only vest if minimum performance hurdles are met. The share rights do not attract voting rights or entitle the holder to receive dividends.

In addition, Executive KMP and certain senior executives have a portion of any actual Short-Term Incentive Plan award deferred into share rights, that are required to be held for a period of 12 months before vesting into shares. No performance conditions exist for these share rights to vest, they are time-based vesting on the completion of the service period.

A KMP of the Group was granted an interest-free loan in September 2018 to subscribe to shares of Inghams Group Limited. This loan is non-recourse other than to the shares held by that employee, and the proceeds of the loan must be used to buy shares. The arrangement was accounted for as share options. These options entitle the holder to receive dividends on ordinary shares of the Company, and these dividends are required to be used to repay the loans attached. Shares under this scheme are held in trust for employees by a subsidiary, Ingham 2 Pty Limited. This interest free non-recourse loan to purchase shares in Ingham's under a legacy arrangement has been fully repaid and the ordinary shares have been transferred to the holder as at 25 June 2022. There are no other loans to KMP, and no loan arrangements will be offered in the future. No options were issued during the year or were held by employees at the end of FY22.

Share rights outstanding at the end of the year have the following expiry dates:

		2022		2021	
GRANT DATE	EXPIRY DATE	EXERCISE PRICE	NUMBER OF RIGHTS	EXERCISE PRICE	NUMBER OF RIGHTS/ OPTIONS
5 November 2021	1 July 2024	–	1,462,535	–	–
15 September 2021	15 September 2022	–	98,000	–	–
10 June 2021	1 July 2023	–	862,917	–	1,097,339
15 September 2020	1 July 2021	–	–	–	299,654
17 April 2020	25 June 2022	–	–	–	1,448,756
2 April 2020	31 December 2022[1]	–	14,410	–	14,410
1 September 2020	31 July 2023[1]	–	15,031	–	15,031
6 December 2018	30 June 2021	–	–	–	34,860
4 December 2018	30 June 2021	–	–	–	506,862
5 November 2018	30 June 2021	–	–	–	354,001
22 December 2015	21 December 2020	–	–	$1.40	200,000
			2,452,893		**3,970,913**

(1) Retention Share Rights awarded on service based vesting only to key senior managers. The number of rights was calculated by dividing the face value of their award by $3.326, being the volume weighted average share price (VWAP) of Ingham's shares traded on the ASX in the 10 days after 21 August 2020.

20 SHARE-BASED PAYMENTS (CONTINUED)

Ingham's Employees Share Plan (continued)

STIP Offer

The STIP provides the Executive KMP and other senior members of the management team a cash or cash/equity incentive where specific outcomes have been achieved in the financial year. STIP payments are calculated as a percentage of total TFR, as per contractual arrangements and conditional on achieving performance objectives against key financial measures (underlying pre AASB 16 EBITDA and Core Poultry Sales Volume Growth) two non-financial measures (People Safety and Food Safety), and the individuals overall performance to the achievement of our group strategic objectives.

There were no STIP restricted shares granted for the FY22 performance year. For the FY21 performance year, STIP restricted shares were measured based on the Board approved fixed dollar outcome for the financial year. The final number of Rights awarded to each participant is calculated by dividing the face value of the deferred portion of their STIP award by the volume weighted average price (VWAP) of Ingham's shares traded on the ASX in the 10 days after the annual results announcement.

Long-Term Incentive Plans

FY22-FY24 LTIP Offer

The FY22-FY24 LTIP was approved at the 2021 AGM, with the below table clearly outlining the key terms of the Offer:

TERM	DESCRIPTION
Eligibility to participate in LTIP Offer	Offers may be made at the Board's discretion to employees of the Inghams Group or any other person the Board determines to be eligible to receive a grant under the Plan. The FY22-FY24 LTIP Offer has been made to the following current KMP: • Andrew Reeves (CEO/MD), (150% of TFR at Maximum); • Jonathan Gray (CEO, NZ), (70% of TFR at Maximum); and • Gary Mallett (CFO), (70% of TFR at Maximum).
Offers under the Plan	The LTIP Offer is a grant of performance rights.
Grant of Rights	A Right entitles the participant to acquire a share for nil consideration at the end of the performance period, subject to meeting specific performance conditions. The Board retains the discretion to make a cash payment to participants on vesting of the Rights in lieu of an allocation of shares.
Quantum of Rights	The aggregate face value at maximum of the LTIP Offer to all participants (Executive KMP and Senior Management) is $6.7 million. The final number of Rights awarded to each participant was calculated by dividing the face value of their LTIP award by $4.0408, being the volume weighted average price (VWAP) of Ingham's shares traded on the ASX in the 10 days after 20 August 2021. (i.e. the announcement of Ingham's FY21 annual results).
Performance Period	3 years, commencing on 27 June 2021 and ending on or about 1 July 2024.

20 SHARE-BASED PAYMENTS (CONTINUED)

Long-Term Incentive Plans (continued)

TERM	DESCRIPTION
Performance conditions	**Relative TSR (50% of Award)** For this component, the Company's relative TSR will be compared to a comparator group comprising the ASX Small Ordinaries and vest according to the following schedule:

Company's relative TSR rank in the comparator group over performance period	% of Rights that Vest
Less than 50th percentile	Nil
At 50th percentile (threshold)	50%
Between 50th and 75th percentile	Straight line pro rata Vesting between 50% and 100%
At 75th percentile or above	100%

Return on Invested Capital (50% of award)

For this component, the Company's Underlying Return on Invested Capital pre AASB 16 ("ROIC") will be calculated as the equivalent of net operating profit after tax divided by average invested capital. The Company's ROIC for each of the three years forming the performance period will be averaged to provide an overall outcome, with ROIC performance targets set out below (rather than retrospectively), following shareholder feedback.

The Board reserves discretion to make adjustments to ROIC in exceptional circumstances, such as to take account of corporate actions undertaken by the Company.

The level of vesting of this component will be determined according to the following schedule:

Company's ROIC Outcome	% of Rights that Vest
Less than 20.8% p.a.	Nil
At 20.8% p.a.	50%
Between 20.8% p.a. and 24.1% p.a.	Straight line pro rata Vesting between 50% and 100%
At 24.1% p.a. or more	100%

Voting and dividend entitlements	Performance rights granted under the LTIP do not carry dividend or voting rights prior to vesting. Shares allocated upon vesting of performance rights carry the same dividend and voting rights as other Ingham's shares.
Re-testing	Performance will not be re-tested if the performance conditions are not satisfied at the end of the performance period. Any Rights that remain unvested at the end of the performance period will lapse immediately.
Restrictions on dealing	The Executive KMP must not sell, transfer, encumber, hedge or otherwise deal with performance rights. The Executive KMP will be free to deal with the shares allocated on vesting of the performance rights, subject to the requirements of Ingham's Securities Dealing Policy at that time.
Change of control	Under the Plan rules and the terms of the LTIP awards, the Board may determine in its absolute discretion that some or all of the Executive KMP's performance rights will vest on a likely change of control. In the event of an actual change in the control of the Company then, unless the Board determines otherwise, all unvested performance rights will immediately vest or cease to be subject to restrictions (as applicable) on a pro rata basis based on the portion of the vesting period that has elapsed.

20 SHARE-BASED PAYMENTS (CONTINUED)

Long-Term Incentive Plans (continued)

TERM	DESCRIPTION
Clawback	Under the Plan rules and the terms of the LTIP awards, the Board has claw back powers which it may exercise if, among other things: • the Executive KMP has acted fraudulently or dishonestly; • has engaged in gross misconduct, brought Ingham's, the Inghams Group or any Ingham's group company into disrepute or breached their obligations to the Inghams Group; • Ingham's is required by or entitled under law or Ingham's policy to reclaim remuneration from the Executive KMP; • there is a material misstatement or omission in the accounts of an Inghams Group company; or • the Executive KMP's entitlements vest or may vest as a result of the fraud, dishonesty or breach of obligations of any other person and the Board is of the opinion that the performance rights would not have otherwise vested.
Cessation of employment	If the participant ceases employment for cause or due to their resignation, unless the Board determines otherwise, any unvested Rights will automatically lapse. The Board has the discretion to designate a "good leaver", whereby Rights will not automatically lapse. In all other circumstances, the Rights will be pro-rated (based on the proportion of the performance period that has elapsed) and remain on foot and subject to the original performance conditions, unless the Board exercises a discretion to treat them otherwise.
Fair value	The fair value of the LTIP offer at grant date was determined using an adjusted form of Black Scholes model for the TSR component. The ROIC component is valued using a discounted cashflow technique. The weighted average grant date fair value of rights granted in the year was $2.58. The model inputs for performance rights granted during the year ended included: (a) Exercise price $Nil (2021: $Nil, 2020: $Nil) (b) Share price at grant date $3.60 (2021: $3.71, 2020: $3.39) (c) Expected price volatility 33% (2021: 33%, 2020: 24-28%) (d) Expected dividend yield 4.6% (2021: 4.3%, 2020: 4.8%) (e) Risk-free interest rate 0.81% (2021: 0.014%, 2020: 0.23%)

GRANT DATE	EXPIRY DATE	2022 NUMBER OF RIGHTS	2021 NUMBER OF RIGHTS
5 November 2021	1 July 2024	1,462,535	–
10 June 2021	1 July 2023	862,917	1,097,339
17 April 2020	25 June 2022	–	1,448,756
6 December 2018	30 June 2021	–	34,860
4 December 2018	30 June 2021	–	506,862
5 November 2018	30 June 2021	–	354,001

21 CASH FLOW INFORMATION

	2022 $000	2021 $000
Reconciliation of profit after income tax		
Profit after tax for the period	35,100	83,300
Depreciation	270,600	265,300
Finance costs	65,600	66,000
Share-Based Payment Expense	–	2,900
Share of Profit – Associate	(400)	(400)
Reversal of impairment of assets	(3,100)	–
Net loss or (gain) on sales of assets	–	500
Change in operating assets and liabilities		
(Increase)/decrease in trade and other receivables	1,000	(20,100)
(Increase)/decrease in biological assets	(13,800)	(1,100)
(Increase)/decrease in inventories	(42,600)	20,900
Increase/(decrease) in trade and other payables	54,300	(6,400)
Increase/(decrease) in provision for income taxes payable	(29,200)	31,500
Increase/(decrease) in deferred tax asset/liabilities	(3,300)	(13,800)
Increase/(decrease) in other provisions	7,400	11,300
Net cash provided by operating activities	**341,600**	**439,900**

22 RELATED PARTY DISCLOSURES GROUP STRUCTURE

(a) Parent entity

The ultimate parent entity of the group is Inghams Group Limited.

(b) Subsidiaries

The consolidated financial statements include the financial statements of Inghams Group Limited and its subsidiaries as follows:

		EQUITY HOLDING	
NAME OF ENTITY	COUNTRY OF INCORPORATION	2022 %	2021 %
Ingham Holdings II Pty Limited[a,c]	Australia	100	100
Ingham Holdings III Pty Limited[a,c]	Australia	100	100
Adams Bidco Pty Limited[a,c]	Australia	100	100
Ingham Enterprises Pty Limited[a,c]	Australia	100	100
Inghams Enterprises Pty Limited[a,c]	Australia	100	100
The Free Ranger (formerly Ingham Finco Pty Limited)[b]	Australia	100	100
Ingham 2 Pty Limited[b]	Australia	100	100
Agnidla Pty Limited[b,c]	Australia	100	100
Aleko Pty Limited[b,c]	Australia	100	100
Inghams Enterprises (NZ) Pty Limited[a,c]	Australia	100	100
Inghams Property Management Pty Limited[b,c]	Australia	100	100
Ovoid Insurance Limited	Bermuda	100	100
Ovoid Insurance Pty Limited[b]	Australia	100	100
Inadam Pty Limited[b,c]	Australia	100	100
Inghams (NZ) No 2 Limited	New Zealand	100	100

(a) These subsidiaries have been granted relief from the necessity to prepare financial reports under the option available to the Company under *ASIC Corporations (Wholly Owned Companies) Instrument 2016/785*.

(b) These subsidiaries are not audited as they are small proprietary companies which are not required to prepare audited financial statements under *ASIC Corporations (Audit Relief) Instrument 2016/784*.

(c) These subsidiaries, along with Inghams Group Limited, form the Deed of Cross Guarantee Group described further from note 30.

(c) Key management personnel compensation

	2022 $000	2021 $000
Short-term employee benefits	3,454	5,208
Post employment benefits	202	419
Share-based payments	147	409
Termination payments	–	1,125
Key management personnel compensation	**3,803**	**7,161**

Information regarding individual directors' and executives' compensation and some equity instruments disclosures as permitted by Corporations Regulations 2M.3.03 and 2M.6.04 is provided in the Remuneration Report section of the Directors' Report.

No director has entered into a material contract with the Group since the end of the previous financial year and there were no material contracts involving directors' interests existing at year end.

(d) Transactions with other related parties

The following transactions occurred with related parties:

Jonathan Gray received an interest free non-recourse loan to purchase shares in Ingham's under a legacy arrangement. This interest free non-recourse loan has been fully repaid and the ordinary shares have been transferred to the holder as at 25 June 2022.

There are no other loans to KMP and no loan arrangements will be offered in the future.

23 FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and commodity price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

Risk management is carried out by a central treasury department. Treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. Treasury provides overall risk management, covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments in accordance with the Group's facilities agreement and company policies.

The Group uses derivative financial instruments such as foreign exchange contracts and interest rate swaps to hedge certain risk exposures. Derivatives are exclusively used for economic hedging purposes and not as trading or speculative instruments. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, and aging analysis for credit risk.

Fair value hierarchy

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

Fair value inputs are summarised as follows:

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Fair value inputs are summarised as follows:

	FAIR VALUE HIERARCHY	NOTE	VALUATION TECHNIQUE
Derivatives	Level 2	16	Calculated as the present value of estimated future cash flows using a market based yield curve sourced from available market data quoted for all major interest rates.
Freehold land	Level 2	11	Freehold land based on prices for similar transactions of similar assets that have occurred recently in the market. Prices are adjusted to reflect differing terms of the actual transactions as well as differences in legal, economic and physical characteristics.
Freehold buildings	Level 3	11	Buildings based on the amount required to replace the service capacity of the asset considering the physical deterioration, function or economic obsolescence.

Freehold land and buildings are valued using independent valuers who use recent land and property sales adjusted for characteristics of the asset(s) being valued such as location and use.

Fair value hierarchy is re-assessed annually for any change in circumstance that may suggest a revised level be assigned to a type of balance measured at fair value.

23 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk

(i) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures.

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

Management has a policy requiring Group companies to manage their foreign exchange risk against their functional currency. The Group companies are required to hedge their foreign exchange risk exposure arising from future commercial transactions and recognised assets and liabilities using forward contracts. Additionally, the Group will look to manage the translation exposure to foreign denominated profits through the use of derivatives such as forward contracts.

(ii) Foreign exchange sensitivity

The Group has some exposure to exchange rate risk as it purchases some of the supplies in foreign currencies and has a subsidiary with a New Zealand dollar (NZD) functional currency. The exposure to other currencies is collectively immaterial and as such the Group's foreign currency exposure is material in respect of NZD.

	IMPACT ON POST TAX PROFITS		IMPACT ON OTHER COMPONENTS OF EQUITY	
	2022 $000	2021 $000	2022 $000	2021 $000
+100 bp variability in exchange rate	100	100	1,000	1,400
–100 bp variability in exchange rate	(100)	(100)	(1,000)	(1,400)

(iii) Cash flow and fair value interest rate risk

The Group's main interest rate risk arises from long-term borrowings. Borrowings issued at variable rates, expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk if the borrowings are carried at fair value. Group policy is to maintain at least 50% of its term borrowings at fixed rate using interest rate swaps to achieve this. During the year ended 25 June 2022, the Group's borrowings at variable rate were denominated in Australian Dollars.

The Group's borrowings and receivables are carried at amortised cost. They are therefore not subject to interest rate risk as defined in AASB 7.

The Group manages its cash flow interest rate risk by using floating-to-fixed interest rate swaps. Under these swaps, the Group agrees with other parties to exchange, at specified intervals, the difference between fixed contract rates and floating rate interest amounts calculated by reference to the agreed notional principal amounts.

As at the end of the reporting period, the Group had the following interest rate swap contracts outstanding:

	NOTIONAL PRINCIPAL AMOUNT		INTEREST RATE	
	2022 $000	2021 $000	2022 $000	2021 $000
Interest rate swap	200,000	200,000	nil-1.1%	0.1-0.2%

The contracts require settlement of net interest receivable or payable every month. The settlement dates align with the dates on which interest is payable on the underlying debt.

23 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (continued)

Sensitivity

Profit or loss is sensitive to higher/lower interest income from cash and cash equivalents as a result of change in interest rates. Other components of equity change as a result of an increase/decrease in the fair value of the cash flow hedges of borrowings.

	IMPACT ON POST TAX PROFITS		IMPACT ON OTHER COMPONENTS OF EQUITY	
	2022 $000	2021 $000	2022 $000	2021 $000
+100 bp variability in interest rate	(2,400)	(2,100)	2,200	3,800
–100 bp variability in interest rate	2,400	2,100	(2,300)	(3,900)

(iv) Commodity Price

The Group's exposure to commodity price risk arises from the requirement to purchase grain commodities to support the operations of the business. To manage the commodity price risk, the Group enters into forward contracts to purchase grain to provide forward coverage on price and volume. This is performed through monitoring market movements in commodity prices. As these are forward contracts for items to be used in the ordinary course of business, no derivative asset or liability is recognised at year end.

(b) Credit risk

Credit risk arises from cash and cash equivalents, in the money derivative financial instruments, deposits with banks and financial institutions and the risk of a financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The Group has a credit policy which provides guidelines for the management of credit risk. The guideline provides for the manner in which the credit risk of customers is assessed and the use of credit ratings and other information in order to set appropriate account limits. Customers that do not meet minimum credit criteria are required to pay up front. Customers who fail to meet their account terms are reviewed for continuing credit worthiness.

The maximum exposure to credit risk at the reporting date is the carrying amount of the accounts receivable. For some trade receivables the Group may obtain security in the form of credit insurance. Revenues from five key customers accounted for 55% to 65% of revenue for the year ended 25 June 2022 (2021: 55% to 65%) relating to both operating segments.

Individual receivables which are known to be uncollectable are written off by reducing the carrying amount directly. The Group considers receivables to be in default when the following indicators are present:

- significant financial difficulties of the debtor; and
- probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments.

Receivables for which an impairment provision was recognised are written off against the provision when there is no reasonable expectation of recovering additional cash.

Impairment losses are recognised in profit or loss within other expenses. Subsequent recoveries of amounts previously written off are credited against other expenses.

23 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due.

Management monitors rolling forecasts of the Group's liquidity reserve (comprising the Group's undrawn re-drawable term cash advance facility below) and cash and cash equivalents on the basis of expected cash flows. In addition, the Group's liquidity management policy involves projecting cash flows and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios.

The Group had access to the following undrawn borrowing facilities at the end of the reporting period:

	2022		2021	
	$000 DRAWN	$000 AVAILABLE	$000 DRAWN	$000 AVAILABLE
Floating rate				
Expiring beyond one year	400,000	138,000	400,000	138,000

The following liquidity risk disclosures reflect all contractually fixed repayments and interest resulting from recognised financial liabilities and derivatives as of 25 June 2022. The timing of cash flows for liabilities is based on the contractual terms of the underlying contract.

	CARRYING VALUE $000	CONTRACTUAL CASH FLOWS $000	LESS THAN 1 YEAR $000	1 YEAR TO 5 YEARS $000	MORE THAN 5 YEARS $000
2022					
Trade payables	288,900	288,900	287,900	1,000	–
Inventory procurement trade payables	141,500	141,500	141,500	–	–
Other payables	25,100	25,100	23,200	1,900	–
Interest bearing liabilities	398,900	400,000	–	400,000	–
Lease liabilities	1,403,600	1,804,400	235,200	750,100	819,100
	2,258,000	**2,659,900**	**687,800**	**1,153,000**	**819,100**
2021					
Trade payables	260,200	260,200	256,200	4,000	–
Inventory procurement trade payables	110,000	110,000	110,000	–	–
Other payables	30,400	30,400	30,400	–	–
Derivative financial liabilities	3,300	3,300	1,500	1,800	–
Interest bearing liabilities	398,300	400,000	–	400,000	–
Lease liabilities	1,432,300	1,839,500	234,000	756,200	849,300
	2,234,500	**2,643,400**	**632,100**	**1,162,000**	**849,300**

24 INTEREST IN JOINT ARRANGEMENTS

A subsidiary has a 50% interest in the joint venture entity, AFB International Pty Limited, the principal activity of which is the supply of high quality and performance palatability products under Bioproducts BioFlavor brand name to the pet food industry in Australia, New Zealand and the Pacific Rim. Information relating to the joint venture entity, presented in accordance with the accounting policy described in note 2(b), is set out below.

	OWNERSHIP INTEREST		CARRYING VALUE OF INVESTMENT	
	2022 %	2021 %	2022 $000	2021 $000
AFB International Pty Limited				
Pet food manufacture	50	50	2,300	2,100
Movement in investment in joint arrangements:				
Opening balance			2,100	1,900
Add: share of net profit of joint venture			400	400
Less: dividend received from joint venture			(200)	(200)
Closing balance			**2,300**	**2,100**

During the year the Group sold goods and services to AFB International Pty Limited to the value of $6,219,036 (2021: $4,796,329). At balance date the amount owed from AFB International Pty Limited to the Group is $768,001 (2021: $323,459). Outstanding balances are unsecured and on normal commercial terms and conditions.

25 CONTINGENT LIABILITIES

Workers Compensation

State WorkCover authorities also require guarantees against workers' compensation self-insurance liabilities. The guarantee is based on independent actuarial advice of the outstanding liability. Workers' compensation guarantees held at each reporting date do not equal the liability at these dates due to the timing of issuing the guarantees.

The probability of having to make a payment under these guarantees is considered remote.

No provision has been made in the consolidated financial statements in respect of these contingencies, however provisions for self-insured risks, which includes liabilities relating to workers' compensation claims, have been recognised in the Consolidated Statement of Financial Position at the reporting date.

Claim

A claim for damages was lodged against Inghams. Inghams has disclaimed liability and legal advice indicates that it is not probable that a material liability will arise.

26 COMMITMENTS

Capital commitments

Capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:

	2022 $000	2021 $000
Property, plant and equipment	36,500	12,400

27 EARNINGS PER SHARE

Basic EPS is calculated by dividing profit for the year attributable to ordinary equity holders of the Parent by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by dividing the profit attributable to ordinary equity holders of the Parent (after adjusting for interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

The following table reflects the income and share data used in the basic and diluted EPS computations:

	2022 $000	2021 $000
Earnings		
Profit attributable to ordinary equity holders for calculating basic and diluted EPS calculations	35,100	83,300
	NUMBER OF SHARES '000	**NUMBER OF SHARES '000**
Number of ordinary shares		
Weighted average number of ordinary shares used in the calculation of basic EPS	371,500	371,400
Dilutive effect of share options	1,500	1,300
Weighted average number of ordinary shares for diluted EPS	**373,000**	**372,700**
Basic EPS (cents per share)	9.45	22.43
Diluted EPS (cents per share)	9.41	22.35

28 REMUNERATION OF AUDITORS

During the period the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firm.

	2022 $000	2021 $000
Amounts received or due and receivable by KPMG for:		
Audit and review of financial statements	778	807
Other services*	–	35
Other assurance services	8	8
Total amount paid or payable to auditors	**786**	**850**

* Other services in FY21 includes benchmarking data for short-term and long-term incentive plans for executive remuneration.

29 PARENT ENTITY FINANCIAL INFORMATION

Summary financial information

	2022 $000	2021 $000
Current assets	3,800	–
Non-current assets	462,700	472,200
Total assets	**466,500**	**472,200**
Current liabilities	1,300	25,400
Non-current liabilities	401,400	400,100
Total liabilities	**402,700**	**425,500**
Net assets/(liabilities)	**63,800**	**46,700**
Equity		
Contributed equity	107,200	108,100
Accumulated profit/(losses)		
Accumulated losses	(67,100)	(92,300)
Profit reserve	8,100	25,200
Cash flow hedge reserve	9,100	(1,800)
Share-based payments reserve	6,500	7,500
	63,800	**46,700**
Profit for the year	**65,700**	**78,600**
Total comprehensive income	**65,700**	**78,600**

The parent entity continues to be a going concern despite the net current liability, as the Group has a Deed of Cross Guarantee in place, along with undrawn funding lines.

The parent entity does not have any commitments or contingent liabilities as at 25 June 2022.

30 DEED OF CROSS GUARANTEE

Inghams Group Limited and all of the subsidiaries shown as (c) in note 22 are parties to a deed of cross guarantee dated 22 May 2017, under which each company guarantees the debts of the others. By entering into the deed, the wholly-owned entities have been relieved from the requirement to prepare a financial report and directors' report under *ASIC Corporations (Wholly Owned Companies) Instrument 2016/285* issued by the Australian Securities and Investments Commission.

The effect of the Deed is that the Company guarantees to each creditor payment in full of any debt in the event of winding up of any of the subsidiaries under certain provisions of the *Corporations Act 2001*. If a winding up occurs under other provisions of the Act, the Company will only be liable in the event that after six months any creditor has not been paid in full. The subsidiaries have also given similar guarantees in the event that the Company is wound up.

(a) Consolidated income statement, consolidated statement of comprehensive income and summary of movements in consolidated retained earnings

The companies shown as (c) in note 22 represent a 'closed group' for the purposes of the Instrument, and as there are no other parties to the deed of cross guarantee that are controlled by Inghams Group Limited, they also represent the 'extended closed group'.

Set out below is a condensed consolidated income statement, consolidated statement of comprehensive income and a summary of movements in consolidated retained earnings for the period ended 25 June 2022 of the closed group.

	2022 $000	2021 $000
Consolidated income statement		
Revenue from continuing operations		
Revenue	2,713,100	2,668,800
Other income/(loss)		
Other income/(loss)	400	(100)
Expenses		
Cost of sales	(2,311,300)	(2,182,000)
Distribution	(175,700)	(164,100)
Administration and selling	(130,800)	(144,400)
Net finance costs	(65,100)	(65,600)
Share of net profit of associate	400	400
Profit before income tax	**31,000**	**113,000**
Income tax benefit/(expense)	400	(29,700)
Profit for the year	**31,400**	**83,300**
Consolidated statement of comprehensive income		
Profit for the year	31,400	83,300
Other comprehensive income	17,600	2,800
Total comprehensive income for the year	**49,000**	**86,100**

(b) Consolidated balance sheet

Set out below is a consolidated balance sheet of the closed group.

	2022 $000	2021 $000
Cash and cash equivalents	126,500	153,300
Trade and other receivables	221,700	222,700
Biological assets	135,600	121,800
Inventories	238,700	196,100
Assets classified as held for sale	–	3,700
Derivative Financial Instruments	5,600	–
Current tax receivable	1,400	–
Total current assets	**729,500**	**697,600**
Property, plant and equipment	477,300	457,900
Equity accounted investments	2,300	2,100
Right-of-use assets	1,319,400	1,371,300
Deferred tax assets	3,900	7,700
Derivative Financial Instruments	5,400	–
Total non-current assets	**1,808,300**	**1,839,000**
Total assets	**2,537,800**	**2,536,600**
Trade and other payables	452,500	396,100
Provisions	97,000	92,900
Derivative financial instruments	–	1,500
Related party payables	10,100	10,100
Lease liabilities	186,700	183,900
Current tax payable	–	27,800
Total current liabilities	**746,300**	**712,300**
Borrowings	398,900	398,300
Provisions	29,600	26,200
Derivative financial instruments	–	1,800
Lease liabilities	1,216,900	1,244,800
Trade and other payables	1,900	–
Total non-current liabilities	**1,647,300**	**1,671,100**
Total liabilities	**2,393,600**	**2,383,400**
Net assets	**144,200**	**153,200**
Equity		
Contributed equity	104,200	103,400
Other reserves	46,200	30,300
(Accumulated losses)/Retained earnings	(6,200)	19,500
Total equity	**144,200**	**153,200**

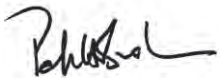
31 EVENTS AFTER THE REPORTING PERIOD

Subsequent to the year end a dividend of 0.5 cents per share has been declared on 19 August 2022 totalling $1.9 million. The financial effect of this dividend has not been brought to account in these consolidated financial statements and will be recognised in subsequent financial reports.

DIRECTORS' DECLARATION

1. In the opinion of the directors:
   (a) the consolidated financial statements and notes set out on pages 108 to 150 are in accordance with the *Corporations Act 2001*, including:
      (i) giving a true and fair view of the Group's financial position as at 25 June 2022 and of its performance for the financial year ended on that date, and
      (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.
   (b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 2(a); and
   (c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. There are reasonable grounds to believe the Company and the Group entities identified in note 30 will be able to meet any obligations or liabilities to which they are or may become subject to by virtue of the Deed of Cross Guarantee between the Company and those Group entities pursuant to *ASIC Corporations (Wholly Owned Companies) Instrument 2016/285*.
3. The directors have been given the declarations required by Section 295A of the *Corporations Act 2001* from the chief executive officer and chief financial officer, for the financial year ended 25 June 2022.
4. The directors draw attention to note 2(a) to consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards.

This declaration is made in accordance with a resolution of the directors.



Peter Bush
Chair

Michael Ihlein
Non-Executive Director

Sydney
19 August 2022

INDEPENDENT AUDITOR'S REPORT

Independent Auditor's Report

To the shareholders of Inghams Group Limited

Report on the audit of the Financial Report

Opinion

We have audited the ***Financial Report*** of Inghams Group Limited (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the Group 's financial position as at 25 June 2022 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The ***Financial Report*** comprises:

- Consolidated statement of financial position as at 25 June 2022
- Consolidated income statement, Consolidated statement of comprehensive income, Consolidated statement of changes in equity, and Consolidated statement of cash flows for the year then ended
- Notes including a summary of significant accounting policies
- Directors Declaration.

The ***Group*** consists of the Company and the entities it controlled at the year-end or from time to time during the financial year.
The Year is the 52 week period ended on 25 June 2022.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with these requirements.

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Key Audit Matters

The ***Key Audit Matters*** we identified are:

- Accounting for revenue
- Accounting for AASB 16 Leases

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report of the current period.

These matters were addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Accounting for revenue – (revenue $2,713.1 million)	
Refer to Note 2(d) and 3 to the Financial Report	
The key audit matter	**How the matter was addressed in our audit**
The Group's policy is to recognise revenue at the fair value of the consideration received or receivable and is net of returns, trade allowances, rebates and amounts collected on behalf of third parties, when goods have been dispatched to a customer pursuant to a sales order and control of the goods has passed to a carrier or customer. The accounting for revenue is a key audit matter due to the: • Significance of revenue, trade allowances and rebates to the financial report; • Number of categories of customers including retail, quick service restaurants and foodservice. This requires our evaluation to be performed across these categories, increasing our audit effort; • Variety of customer-specific contractual arrangements for trade allowances and rebates, increasing the audit effort to address these specific conditions; • Differing settlement terms for customers which leads to complexity in checking the trade allowance and rebate accruals at balance date across the categories; and • The significant audit effort to test the high volume of individual revenue transactions. In assessing this key audit matter, we involved senior team members who understand the Group's business, industry and economic environment it operates in.	Our procedures included: • Considering the appropriateness of the Group's accounting policies regarding revenue recognition, and the accounting for trade allowances and rebates against the requirements of the Australian Accounting Standards; • Obtaining an understanding of the revenue recognition process, including trade allowances and rebates. We tested key revenue process controls such as review and approval by management of the reconciliation of sales orders to invoice and cash received to trade receivables; • Selecting samples of revenue transactions during the year across each customer category. For each sample selected we: - Checked the amount of revenue recorded by the Group to the amount of the sales invoice and cash receipts from the customer obtained from the Group's bank statements; and - Checked the date the revenue was recognised by the Group to proof of delivery documentation and/or customer correspondence, assessing the date the customer obtained control, and products were delivered and accepted by the customer.

KPMG

The key audit matter	How the matter was addressed in our audit
	• The Group has manual processes and controls which may increase the risk of potential bias in the recognition of product revenue, in particular in the last week of the reporting period. This increased our audit effort to test higher samples of revenue transactions in the last week of the reporting period. • Selecting a sample of revenue transactions, across each customer category, for the period of one week before and one week after year end due to the increased risk of potential bias. For each sample selected we: - Checked the amount of revenue recorded by the Group to the amount of the sales invoice to the customer; and - Checked the date the revenue was recognised to proof of delivery documents and/or customer correspondence, assessing the date the customer obtained control, and products were delivered and accepted by customers. • Comparing cash receipts from customers, obtained from the Group's bank statements, to revenue recognised by the Group net of returns, trade allowances and rebates; • Checking a sample of rebates and trade allowances to signed customer contractual terms; • Comparing the amount of the trade allowances and rebates by customer as a percentage of gross revenue to the prior year; • Assessing the trade allowance and rebate accruals recognised at balance date for a sample of significant customers by customer category by: - Calculating an expected trade allowance and rebate accrual per customer based on specific customer trading and settlement terms and the gross revenue amount for the time period since the last payment date to balance date; and - Comparing this to the Group's recognised balance date accrual; and • Assessing the disclosures in the financial report using our understanding obtained from our testing and against the requirements of the accounting standard.

Accounting for AASB 16 Leases – (right of use assets and lease liabilities amounting to $1,319.4 million and $1,403.6 million respectively)	
Refer to Notes 2(n), 12 and 23 to the Financial Report	
The key audit matter	**How the matter was addressed in our audit**
AASB 16 Leases ("AASB 16") is complex with specific lease-features driving different accounting outcomes, increasing the need for interpretation and judgement. AASB 16 Leases is a key audit matter due to the: • Significance of the right of use assets and lease liabilities to the financial report; and • Number of leases the Group has, including the individual nature of the lease agreements used to estimate the lease liability and right-of-use asset. A focus for us was the accuracy of multiple and varied inputs which may drive different accounting outcomes, including key dates, fixed and variable rent payments, renewal options and incentives. The most significant areas of judgement we focussed on were in assessing the Group's: • Renewal options contained within leases. Assessing the Group's determination of whether it is reasonably certain renewal options will be exercised impacts the measurement of the lease, therefore is critical to the accuracy of the accounting; • Grower contractual arrangements and the features of the underlying grower contracts against the definition of a lease under the accounting standards; and • Incremental borrowing rates determined by the Group. These are meant to reflect the Group's entity specific credit risk and vary based on each lease term. We involved our senior audit team members in assessing these areas.	Our procedures included: • Considering the appropriateness of the Group's accounting policies against the requirements of the accounting standard and our understanding of the business and industry practice; • Obtaining an understanding of the Group's processes used to calculate the lease liability, right-of-use asset, depreciation, and interest expense; • Reading a sample of contracts, including the grower contracts. We compared the relevant features of the underlying contracts to the definition of a lease in the accounting standards to assess the accounting treatment recorded by the Group. • Comparing the Group's inputs in the AASB 16 lease calculation models, such as, key dates, fixed and variable rent payments, renewal options and incentives, for consistency to the relevant terms of a sample of underlying signed lease agreements. • Evaluating the Group's assessment of lease renewal options based on the Group's strategic direction and inquiries with operational management. • Challenging the Group's assumptions, such as the Group's assessment of each lease's incremental borrowing rate and contracted extension options by: - Using our understanding of the Group's business - Independently developing an expected lease liability range by considering the: o Group's external credit rating; o Each lease's remaining tenor; o Corporate bond yield curves; and o Group's strategic direction for each leased site;

The key audit matter	How the matter was addressed in our audit
	- Comparing the independently developed expected lease liability range to the lease liability value recorded by the Group. • Assessing the disclosures in the financial report using our understanding obtained from our testing and against the requirements of the accounting standard.

Other Information

Other Information is financial and non-financial information in Inghams Group Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report.The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error
- assessing the Group and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

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Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at:
https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf
This description forms part of our Auditor's Report.

Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of Inghams Group Limited for the year ended 25 June 2022, complies with *Section 300A* of the *Corporations Act 2001*.

Directors' responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with *Section 300A* of the *Corporations Act 2001*.

Our responsibilities

We have audited the Remuneration Report included in pages 86 to 106 of the Directors' report for the year ended 25 June 2022.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with *Australian Auditing Standards*.

KPMG

KPMG

Julie Cleary

Partner

Sydney

19 August 2022

SHAREHOLDER INFORMATION

TWENTY LARGEST REGISTERED SHAREHOLDERS (AS AT 19 AUGUST 2022)

RANK	NAME	UNITS	% ISSUED CAPITAL
1	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	112,871,742	30.37
2	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	72,916,815	19.62
3	CITICORP NOMINEES PTY LIMITED	38,060,614	10.24
4	BNP PARIBAS NOMS PTY LTD	12,264,724	3.30
5	NATIONAL NOMINEES LIMITED	9,732,466	2.62
6	DYNAMIC SUPPLIES INVESTMENTS PTY LTD	2,500,000	0.67
7	DYNAMIC SUPPLIES INVESTMENTS PTY LTD	2,500,000	0.67
8	FIRST SAMUEL LTD	1,643,813	0.44
9	MASFEN SECURITIES LIMITED	1,500,000	0.40
10	AUSTRALIAN EXECUTOR TRUSTEES LIMITED	1,029,807	0.28
11	NETWEALTH INVESTMENTS LIMITED	933,905	0.25
12	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED – A/C 2	909,911	0.24
13	CITICORP NOMINEES PTY LIMITED	890,278	0.24
14	BNP PARIBAS NOMINEES PTY LTD	801,391	0.22
15	MS ROBYN LEE HIND + MR ROBERT EDWARD HIND + MRS RUTH ETHEL HIND	705,552	0.19
16	BNP PARIBAS NOMINEES PTY LTD	660,488	0.18
17	RAINROSE PTY LTD	571,000	0.15
18	SUNSTAR AUSTRALIA PTY LTD	560,000	0.15
19	VASTE DEVELOPMENTS PTY LIMITED	503,000	0.14
20	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	493,323	0.13

DISTRIBUTION OF HOLDINGS (AS AT 19 AUGUST 2022)

RANGE	NUMBER OF HOLDERS	NUMBER OF SHARES	% OF ISSUED CAPITAL
100,001 and Over	78	272,955,299	73.44
10,001 – 100,000	2,390	55,767,362	15.00
5,001 – 10,000	2,944	22,347,183	6.01
1,001 – 5,000	6,708	18,355,300	4.94
1-1,000	4,179	2,254,457	0.61
Total	**16,299**	**371,679,601**	**100.00**

There are 598 shareholders holding less than a marketable parcel of shares (as at 19 August 2022).

SUBSTANTIAL SHAREHOLDERS (AS DISCLOSED IN SUBSTANTIAL HOLDER NOTICES GIVEN TO THE COMPANY AS AT 19 AUGUST 2022)

SHAREHOLDER	NUMBER OF SHARES	% OF ISSUED CAPITAL
Australian Super	36,364,469	9.80%
Mondrian	33,160,234	8.92%
Franklin Resources	22,883,925	6.16%
Aware Super	19,914,428	5.40%
FMR	18,586,403	5.00%

ESCROW SHARES

As at 19 August 2022, the shares subject to escrow arrangements are:

NUMBER OF SHARES	ESCROW END DATE	EARLY RELEASE DATE AND CONDITIONS (IF APPLICABLE)
118,195	December 2022	Nil

UNQUOTED SECURITIES

As at 19 August 2022, the total number of rights outstanding equalled 2,452,893 remained over unissued shares of Inghams Group Limited, as described in the Directors' Report on page 71. All unissued shares, which are the subject of these performance rights, are ordinary shares in the Company or will be converted into ordinary shares immediately after exercise of the relevant performance right.

SHARES AND VOTING RIGHTS

All 371,679,601 issued shares in the Company are ordinary shares, held by 16,299 shareholders. Voting rights for ordinary shares are:

- on a show of hands, one vote for each shareholder; and
- on a poll, one vote for each fully paid ordinary share.

There is no current on-market buy-back.

CORPORATE DIRECTORY

DIRECTORS

Peter Bush
Rob Gordon
Michael Ihlein
Timothy Longstaff
Jackie McArthur
Helen Nash
Linda Bardo Nicholls AO
Andrew Reeves
Robyn Stubbs

COMPANY SECRETARY

David Matthews

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